

25th

Annual Report

2008



HARIG

HARIG CRANKSHAFTS LIMITED

BOARD OF DIRECTORS**Mr Deshbir Singh***Chairman cum Managing Director***Mr Anil Sharma****Mr N.S Paruiekar****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**

Contents	Page No.
Notice	1
Report of Directors & Management Discussion & Analysis	2
Corporate Governance Report	6
Auditor's Report	9
Balance Sheet	12
Profit & Loss Account	13
Schedules	14
Balance Sheet Abstract	23
Cash Flow Statement	24

Notice is hereby given that the Twenty Fifth Annual General Meeting of HARIG CRANKSHAFTS LIMITED (the "Company") will be held on Tuesday 30th 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 31st 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 30th 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.

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 31st March 2008 and Profit and Loss Account for the year ended on that date.

OPERATING PERFORMANCE

	2007-08	(Rs. In Lacs) 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 29th 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.

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

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 31ST 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 2008	For the year ending 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 (per Crankshafts)			Forgings (Per k.g.)		
	Standard (if Any)	Current Year	Previous Year	Standard (if any)	Current Year	Previous 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

- (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 emphasis will be given to making quality parts that will not require additional operations (elimination re-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. 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.

GENERAL BODY MEETING

A Location and time where last three AGMs were held:

S.No.	AGM Date	Location	Time
1.	30.09.2005	C-49, NOIDA Phase II, Distt. Gautam Budh Nagar, U.P.	11.00 A.M.
2	19.08.2006	C-49, NOIDA Phase II, Distt. Gautam Budh Nagar, U.P.	11.00 A.M.
3.	29.09.2007	C-49, NOIDA Phase II, Distt. Gautam Budh Nagar, U.P	11.00 A.M.

CORPORATE GOVERNANCE

B No special resolution was put through postal ballot in last year, as there were no such items, which was required to be passed through postal ballot.

DISCLOSURES

The transactions with the Companies where the Directors of the Company are interested were in normal course of business and there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

The Company's scrips are being traded on Mumbai Stock Exchange. However due to financial constraints scrips are still suspended for trading on Delhi Stock Exchange.

MEANS OF COMMUNICATION

Half yearly report sent to each household of shareholders	No
Quarterly results sent to shareholder	No
In which newspaper results are normally published in	The Pioneer & Veer Arjun
Any website where results are displayed	No
Whether MD & A are part of Annual Report	Yes
Whether shareholders information system is part of AR	Yes

GENERAL SHAREHOLDER INFORMATION

Registered Office and Address for correspondence	C-49, Phase II, Distt. Gautam Budh Nagar, U.P.
Financial Year	1 st April, 2007 to 31 st March, 2008
Annual General Meeting	At C-49, Phase II, Distt. Gautam Budh Nagar, U.P.
Date of Book Closure	25.09.2008 to 30.09.2008
Listing	Delhi and Mumbai
Company Code	H5964 (Delhi), 500178 (Mumbai)
Share Transfer System	The Company's share are traded on the Stock Exchanges in the compulsory Demat Code

DISTRIBUTION OF SHAREHOLDING (as on 31.03.2008)

Share Holding of Nominal Value of Rs.	Number of Shareholders	% to Total	No. of Shares	Amount in Rs.	% to Total
UP TO 5000	55,465	87.37	9,27,70,407	9,27,70,407.00	23.5225
5001 TO 10000	4,351	6.85	3,67,92,185	3,67,92,185.00	9.3289
10001 TO 20000	1,869	2.94	2,93,32,286	2,93,32,286.00	7.4374
20001 TO 30000	690	1.09	1,78,54,713	1,78,54,713.00	4.5272
30001 TO 40000	257	0.40	93,31,395	93,31,395.00	2.3660
40001 TO 50000	302	0.48	1,45,90,836	1,45,90,836.00	3.6996
50001 TO 100000	317	0.50	2,37,25,523	2,37,25,523.00	6.0158
100001 AND ABOVE	238	0.37	16,99,92,445	16,99,92,445.00	43.1026
TOTAL	63,489	100.00	39,43,89,790	39,43,89,790.00	100.0000

SHARE HOLDING PATTERN (as on 31.03.2008)**HELD BY**

Indian Promoters and their Associates	11.91
Foreign Promoters	Nil
Mutual Funds, UTI, Banks	0.06
Foreign Institutional Investors	11.63
Private Corporate Bodies	14.86
NRI	2.36
Indian Public	59.18

Dematerialization of shares The Securities and Exchange Board of India (SEBI) has mandated the delivery of shares of the Company in compulsory dematerialized of shares

Compliance Certificate from the Statutory Auditors The Company has received a certificate from the Auditors certifying compliance of the mandatory requirements mentioned in Clause 49 of the listing agreement

AUDITORS CERTIFICATE**TO THE MEMBERS OF HARIG CRANKSHAFTS LIMITED**

We have examined the conditions of compliance of corporate governance by Harig Crankshafts Limited for the year ended 31st March, 2008, as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges, with the relevant records and documents maintained by the Company and the Report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify the Company has complied with, in all material respect, the mandatory condition of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has concluded the affairs of the Company.

For J.K. ARORA & CO.,
CHARTERED ACCOUNTANTS

Place : NOIDA
Dated : 30.08.08

J.K. ARORA
PROPRIETOR

TO THE MEMBERS OF HARIG CRANKSHAFTS LIMITED

We have audited the attached Balance Sheet of M/s. Harig Crankshafts Limited, Noida as at 31st March 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of section 227 of The Companies Act, 1956, we report that;

1. As required by the Companies (Auditors Report) order, 2003, issued by the Central Government of India under Sub-section(4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and record of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our Comments in the annexure referred to above, we report that :-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from the examination of the books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

- d) In our opinion, the Balance Sheet, Profit & loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; and subject to non provision of certain liabilities, Note 11 of schedule-12
- e) On the basis of the written representation received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2008 from being appointed as a director in term of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to explanations given to us, the said accounts, subject to Note No. 5 regarding non-confirmation/reconciliation of account of secured loans\debtors\ creditors\ loans & advances, Note No. 11 regarding non provisions of gratuity, leave encashment, of schedule 12 read together with significant accounting policies and note appearing thereon, give the information required by the companies act, 1956 in the manner so required and give a true and fair view in conformity with accounting principals generally accepted in India:
- g) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
- h) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
- i) In the case of Cash Flow statement, of the cash flows for the year ended on that date.

For J.K. ARORA & CO.,
Chartered Accountants

Place: New Delhi
Date: 30.08.08

(J.K. ARORA)
Proprietor

Membership No. : 9787

Re;

Referred to in paragraph 1 of our report of even date.

- I. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, in our opinion, the company has not disposed of a substantial part of fixed assets.
- II. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were found reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material in relation to the operations of the company.
- III. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act 1956. As the company has not granted loans, secured or unsecured, from parties listed in the Register maintained under section 301 of the Companies Act 1956, paragraphs (iii) (b), (c) and (d) of the order, are not applicable. (e) The Company has not taken, any loan, secured or unsecured from companies, firm or other parties listed in the register maintained U/s 301 of the Companies Act 1956. As the company has not taken loan secured or unsecured from parties listed in the registered maintained U/s 301 of the Companies Act 1956, paragraphs (iii) (f) and (g) of the order are not applicable.
- IV. In our opinion and according to the information and explanations given to us, there exists an adequate Internal control system commensurate with the size of the company and the nature of its

Business with regard to purchases of inventory, fixed assets and with regard to the sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.

- V. (a) According to the information and explanation given to us, we are of the opinion that the particulars of all contract or arrangements that need to be entered into the register maintained u/s 301 of companies Act 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained u/s 301 of companies Act 1956, and exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.
- VI. According to information and explanation given to us the company has not accepted deposits from the public.
- VII. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- VIII. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to rules made by the Central Government for the maintenance of cost records u/s 209 (1) (d) of the companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We are not required to and, accordingly, have not made detailed examination of the records.
- IX. (a) The company is irregular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, Income tax, sales tax, wealth tax, service tax, excise duty, custom duty and other material statutory dues applicable to it.
Further since the central government has till date not prescribed the amount of cess payable U/s 441 (a) of the Companies Act 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable

- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty wealth tax, service tax and excise duty, which have not been deposited on account of any dispute.
- X. In our opinion the accumulated losses of the company are not more than fifty percent of its net worth. Further the company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.
- XI. Based on our verification and according to the information and explanations given by the management the company has defaulted in repayment of adhoc Limit of Rs 1 crore in CC Hypothecation which was regularised by the bank by sanctioning and disbursement of demand loan of Rs. 105 lac.
- XII. According to the information and explanation given to us, the company has not covered any loans and advance on the basis of securities by way of pledge of shares, debenture and other securities.
- XIII. In our opinion, the company is not a chit fund or a nidhi/Mutual benefit fund/society. Therefore, the provisions of clause IV(XIII) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
- XIV. In our opinion, the company is not dealing in or trading in shares, securities, debenture and other investments. Accordingly, the provision of clause 4(XIV) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
- XV. According to the information and explanation given to us the company has not given any guarantees for loans taken by others from bank or financial institution.
- XVI. In our opinion, and according to the information and explanation given to us the term loans were applied for the purpose for which they were raised.
- XVII. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- XVIII. According to the information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of Companies Act 1956 during the year.
- XIX. According to the information and explanation given to us, during the period covered by our audit report, the company had not issued any debenture.
- XX. According to the information and explanation given to us, during the period covered by our report, the company has not raised any money the public issues.
- XXI. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **J.K. ARORA & CO.**,
Chartered Accountants

(J.K. ARORA)

Proprietor

Membership No.9787

Place: New Delhi

Date : 30.08.08

	Schedule Numbers	Rs.	AS At 31-Mar-08 Rs.	Rs.	AS At 31-Mar-07 Rs.
SOURCES OF FUNDS					
Share Holder's Funds					
Share Capital	01		393553277		393550390
Reserves	02		155166259		155162769
Loan Funds					
Secured Loans	03		239498273		176113243
Unsecured Loans			20343053		18693053
			<u>808560862</u>		<u>743519455</u>
APPLICATION OF FUNDS					
Fixed Assets					
Fixed Assets	04				
Gross Block		625557603		622433339	
Less Depreciation		<u>375731425</u>		<u>344964983</u>	
		249826178		277468356	
Capital Work In Progress		<u>188132025</u>		<u>33150477</u>	
Net Block			437958203		310618833
Current Assets, Loan & Advances					
Inventories	05	259670138		235574562	
Sundry Debtors	06	145377931		119449814	
Cash & Bank Balances	07	17825190		83244064	
Loan & Advances	08	<u>46900463</u>		<u>65648438</u>	
		469773722		503916878	
Current Liabilities & Provision	09	<u>172193644</u>		<u>152716773</u>	
Net Current Assets			297580078		351200105
Profit And Loss Account-Balance			<u>73022581</u>		<u>81700517</u>
			<u>808560862</u>		<u>743519455</u>
Accounting Policies & Notes	12				
As per our report of even date attached			For and on behalf of the Board of Directors		
For J.K. ARORA & CO., Chartered Accountants					
J.K.Arora Proprietor Membership No.: 9787	HEMANT SINGHAL COMPANY SECRETARY	SUSHIL NANDA DIRECTOR	DESHBIR SINGH CHAIRMAN & MANAGING DIRECTOR		
Place: Noida Dated: 30.08.08					

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-MAR-08

HARIG

	Schedule Numbers	Current Year 31-Mar-08 Rs.	Previous Year 31-Mar-07 Rs.
INCOME			
Sales Net of Returns & Discount		376742944	496876764
Job Work		27989123	30793720
Other Income	10	5961161	4586320
Increase/Decrease in Stock	11	14091574	28129923
		<u>424784802</u>	<u>560386727</u>
EXPENDITURE			
Consumption			
Raw Material	188799479		258631676
Stores Components & Consumables	28331820	217131299	41298389
Purchase of Finished Goods (Branch)		348950	355246
Salaries Wages & Allowances		22216483	32390935
Contribution to Provident & Other Fund		2587009	1964409
Staff Welfare		953849	1124524
Excise Duty		51248080	68192832
Education Cess		1636163	1455236
Service Tax		2973096	3213473
Travelling & Conveyance		890032	1334390
Advertisement & Business Promotion		180946	209992
Bill Discounting Charges		618434	0
Electricity Power & Fuel		34829708	44978806
Insurance		418965	516310
Rent Rates & Taxes		666505	1210488
Printing & Stationery		332266	345489
Legal & Professional Charges		1456315	1567741
Postage Telegrams & Telephone		486272	537716
Vehicle Running & Maintenance		331528	358790
Bank Charges		4856103	6430533
Lease Rent		138613	92410
Payment to Auditor			
Audit Fees	225000		205000
Certification Charges	80000		90000
Out Of Pocket Expenses	35000	340000	35000
Repair & Maintenance			330000
Machinery	2320083		2691441
Building	222363		217373
Others	990365	3532811	165685
General Charges		3540504	7818559
Packing Expense		4621524	5339051
Commission on Sales		2318712	4757458
		<u>358654168</u>	<u>487528954</u>
Profit/Loss Before Depreciation Interest & Tax		66130634	72857774
Depreciation		30766442	29968844
Current Year Fringe Benefit Tax		184054	343301
Tax Expenses (MAT)		1200000	-
Interest		24810129	17351462
PROFIT (LOSS) FOR THE YEAR		9170010	25194169
Expenses (Income) Pertaining to Previous Year		492074	517968
Add Balance Brought Forward From Last Year		(81700517)	(106376716)
Loss Carried Over to Balance Sheet		(73022581)	(81700517)
Nominal Value of Each Share in Rupees		1.00	1.00
Weighted Average no. of shares (In Lac)		3947.11	3782.35
Basic and Diluted earning per share in Rupees		0.02	0.07
As per our report of even date attached			
For J.K. ARORA & CO.,			
Chartered Accountants			
JJ.K.Arora Proprietor Membership No.: 9787 Place: Noida Dated: 30.08.08	HEMANT SINGHAL COMPANY SECRETARY	SUSHIL NANDA DIRECTOR	DESHBIR SINGH CHAIRMAN & MANAGING DIRECTOR

	As at 31-Mar-08 Rs.		As at 31-Mar-07 Rs.	
SCHEDULE No.1				
SHARE CAPITAL				
Authorized (500000000 Equity Shares of Rs.1/-each (Previous Year 500000000 Equity Shares of Rs.1/-each) Issued,Subscribed & Paid Up		500000000		500000000
394389790 Equity Shares of Rs. 1/- Each Fully Paid up(Previous Year 394389790 Equity Shares of Rs. 1/- Each Fully Paid up)	394389790		394389790	
Less Calls In Arrears	836514	393553277	839400	393550390
Note:				
Pursuant to a resolution of the Members of the Company passed at the annual general meeting held on 30.11.06 the Authorised Share Capital of the company has been increased from Rs. 42 crores divided into 42,00,00,000 equity shares of Rs. 1/- each to Rs. 50 crores divided into 50,00,00,000 equity shares of Rs. 1/-each				
During the year 2004-05 Company issued 9000000 warrants at Rs. 1.45 each. The warrant are convertible at any time between 06.10.04 to 05.04.06. during the year 20 05-06 4000000 warrant holder exercised their option and were allotted 4000000 share at Rs. 10.00 with a premium of Rs 4.50 per share. The balance 50,00,000 warrant holders were to exercise their option upto 05.04.06. The warrant holder for 15 lac warrants were allotted 1.5 crore equity share @ Re.1/- per share at a premium of Rs. 0.45/-				
During the year 2006-07, on 22.12.06 the Company further allotted 2 crore equity shares of Re 1/- at a premium of Rs. 2.10Per Equity Share on preferential basis . The total capital thus raised by company Rs. 3.50 crore. The Company also allotted 6 crore warrant on 22.12.06 and Rs.18600000 has been received as application money. The Warrant holder has the option to convert it into equity shares at Rs.3.10 per share and to exercise the option within 18 months of allotment.				
SCHEDULE No.2				
CAPITAL RESERVES				
Securities Premium Account				
Opening Balances	155149769		106774769	
Add:-Receipts During the Year	3490		48375000	
		155153259		155149769
Profit On Sale of Forfeited Shares		13000		13000
		155166259		155162769
SCHEDULE No. 3				
Secured Loans From Bank Of India				
Term Loan		123675674		64935601
Cash Credit Account Including Bills Discounted		115822599		111177642
		239498273		176113243
UNSECURED LOANS				
Promoters		93053		93053
Unsecured Loan From MD		1650000		-
Application Money for warrants 6,00,00,000 @ Re.0.31 Each (Previous Year 6,00,00,000 @ Re. 0.31)		18600000		18600000
		20343053		18693053
I The term loan is secured by first charge on all movable and immovable properties of the company and personal guarantee of Managing Director.				
II Cash Credit facilities from Bank Of India is secured by hypothecation of stock of Raw Material, Castings, Work in Process, Finished Goods, Spare Parts and Book Debts & Bills purchased wherever situated and personal guarantee of Managing Director.				

SCHEDULES

HARIG

SCHDEULE- 4

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As On	Addition	Sales/ adjustment	Total Cost As On	Up to	for the year	Sales / Adjustment	Total Upto	Net Value As on	Net Value As on
	1-Apr-07			31-Mar-08	31-Mar-07	31-Mar-08		31-Mar-08	31-Mar-08	31-Mar-07
	1	2	3	4	5	6	7	8	9	10
Leasehold Land	5146500	0	0	5146500	1091686	51,985	0	1143671	4002825	4054814
Building	56333089	0	0	56333089	21126855	1881525	0	23008380	33324709	35206234
Plant & Machinery	539850101	1862087	0	541712188	315862744	27562245	0	343424989	198287199	223987357
Workshop Equipment	6142575	0	0	6142575	2051306	277635	0	2328941	3813634	4091269
Generator Set	6071556	0	0	6071556	401007	288,399	0	689406	5382150	5670549
Furniture & Fitting	787044	0	0	787044	668290	36935	0	705225	81819	118754
Office Equipment	739943	96176	0	836119	486742	40899	0	527641	308478	253201
Vehicles	4016910	963237	0	4980147	877983	448854	0	1326837	3653310	3138927
Coolers & Air Conditioners	548339	113114	0	661453	275664	26640	0	302304	359149	272675
Computer	2797282	89650	0	2886932	2122706	151325	0	2274031	612901	674576
Total	622433339	3124264	0	625557603	344964983	30766442	0	375731425	249826178	277468356
PREVIOUS Year	580107174	44206613	1880446	622433341	316583141	29968844	1587002	344964983	277468358	307437202
Capital Wok In progress										
Machinery/Material Handling	22802338	146898902	1862087	167839153*						
Building Under Construction	1040144	9944732	0	20292872						
	33150478	156843634	1862087	188132025						

Includes*

- 1) Expenditure incurred on account of fixed assets in the course of construction or acquisition Rs. 188.37 lacs.
- 2) Interest paid on capital borrowed for acquisition of assets Rs. 75.74 lacs.

SCHEDULE No.5	As At		As At	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
	Rs.	Rs.	Rs.	Rs.
Inventories				
(As Valued and Certified by the Managing Director)				
Raw Material At Cost		20947376		6525978
Tools Spares & Components At Cost		42715068		47132464
Stock in Trade at cost or Market Value Which ever is lower				
Work In Process				
Own Production	104279759		87883039	
Job Work	1506540	105786299	4490040	92373079
Finished Goods		537571		470934
Finished Dies		89379446		88920700
Scrap At Realisable Value		304378		151407
		259670138		235574562

SCHEDULE No.6

SUNDRY DEBTORS

Unsecured Considered Good				
Outstanding for More Than Six Months		38442343		11052570
Other Debts		106935588		108397244
		145377931		119449814

	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE No.7		
CASH AND BANK BALANCE		
Cash In Hand(Including Cheques)	111009	333484
Balances With Scheduled Bank		
Current Account & Short Term Deposits	2153312	1773198
Short Term Deposit Held as Margin Money Agt Guarantees/LC	15560870	81137382
	<u>17714181</u>	<u>82910580</u>
	<u>17825190</u>	<u>83244064</u>
SCHEDULE No.8		
LOANS AND ADVANCES		
Unsecured Considered Good (unless stated otherwise below)		
Advance Recoverable In Cash Or in Kind or for value to be received	41522110	60280085
Deposit with Government Departments	5378353	5368353
	<u>46900463</u>	<u>65648438</u>
SCHEDULE No.9		
CURRENT LIABILITIES & PROVISION		
Total Outstanding of Micro Enterprises & Small Enterprises	1378539	1332582
Total Outstanding other than Micro Enterprises & Small Enterprises	132517314	120801975
Other Liabilities	10028798	8212124
Due To Managing Director	22989240	8035726
Advance Deposits From Customers	4079753	14334366
Provision for MAT	1200000	0
	<u>172193644</u>	<u>152716773</u>
SCHEDULE No. 10		
OTHER INCOME		
Interest Received	3689842	3617244
Miscellaneous Income	440221	0
Miscellaneous Sales	1818300	958978
Short & Excess	(30)	10098
Amounts Written Back	12828	0
	<u>5961161</u>	<u>4586320</u>
SCHEDULE No. 11		
Increase/Decrease In Stock		
Opening Stock		
Finished Goods	348042	0
Work In Process	92373079	64909585
Finished Dies	88920700	88510663
Scrap	151407	90050
Stock At Branch	122892	275899
	<u>181916120</u>	<u>153786197</u>
Closing Stock		
Finished Goods	389371	348042
Work In Process	105786299	92373079
Finished Dies	89379446	88920700
Scrap	304378	151407
Stock At Branch	148200	122892
	<u>196007694</u>	<u>181916120</u>
	(14091574)	(28129923)

SCHEDULE No: 12**ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A. ACCOUNTING POLICIES****1. FIXED ASSETS**

These are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenses of acquisition and reconditioning cost incurred internally less accumulated depreciation. The cost includes all pre-operative expenses relating to construction period capitalized in earlier years.

Fixed Assets acquired out of Foreign Currency Loans are adjusted as to original cost by any change in liability on realigning loans at the exchange rates prevailing at Balance Sheet date.

2. DEPRECIATION

Depreciation on Assets is provided on straight-line method on Assets acquired upto 15.12.1993 at rates prescribed in Schedule -XIV of the Companies Act, 1956 and thereafter as per revised rates.

Insurance spares/stand by equipments are capitalized as part of the mother assets and are depreciated at the applicable rates.

3. INVENTORIES

Inventories of finished goods are valued at lower of cost or net realizable value. Costs include all production and administration overheads including interest on working capital.

Work-in-process is valued at cost of finished goods less estimated expenses to be incurred to make these into finished goods.

Raw materials, Stores & spares and components are valued at cost; scrap is valued at the estimated realizable value. Tools are carried at cost and charged off when discarded. Finished Dies have been valued at Cost plus Expenses incurred on sinking of Dies estimated on machine hours consumed on various die sinking & other machines and charged off as and when discarded.

4. FOREIGN CURRENCY LOANS

Foreign Currency Loans are realigned at the rates prevailing at Balance Sheet date. The exchange difference is adjusted towards cost of fixed assets acquired out of such loans.

Premium on foreign exchange forward contracts are recognized in the profit and loss account over the life of contract. Any profit or loss arising on cancellation of a forward contract is recognized as income or expense for the period.

5. FINANCIAL & MANAGEMENT INFORMATION SYSTEM

To ensure that cost accounts are designed to adopt costing system appropriate to the business carried out by the company incorporating into its costing system, the basic tenets and principal of standard costing, budgetary control and managerial costing as appropriate.

6. RESEARCH AND DEVELOPMENT

These are identified and carried to Deferred Revenue Expenditure to be charged over a period of five years.

7. TAXATION

Current tax provision is made, taking into consideration the various benefits / concessions to which company is entitled to as well as the normal Tax provisions and the contentions of the company and also the fact that certain expenditure becoming allowable on payment being made before filing of the return of income. In accordance with Accounting Standard 22-accounting for taxes on income, issued by the ICAI, the deferred tax for timing differences between the book and tax profits for the year is accounted for using tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax assets (reviewed at each balance date) arising from timing differences are recognized to the extent there is reasonable/virtual certainty, as the case may be that assets can be realized in future.

8. REVENUE RECOGNITION

Sales and job work includes excise duty and adjustment made towards goods return, price variations but exclude branch transfers and sales tax

9. IMPAIRMENT OF FIXED ASSETS

In compliance with the accounting standard on the impairment of Assets (AS-28) issued by the ICAI applicable w.e.f. 01-04-2004, the company has started identifying the assets which are subject to impairment test and adjusted the same in the manner specified under the standard.

10. CONTINGENT LIABILITIES

Liabilities, though contingent, are provided for if there are reasonable prospects of such liabilities maturing. Other contingent liabilities, barring frivolous claims, not acknowledged as debts, are disclosed by way of note.

B. NOTES ON ACCOUNTS**1. CONTINGENT LIABILITIES:**

- a) Guarantees issued by Bank and outstanding Rs.230 Lacs (P.Y Rs. 290.10 Lacs).

Contingent Liabilities not provided for

- a) On letter of credits. – Rs. 465 Lacs (P.Y Rs. 1345.30 Lacs).
- b) On bills discounted with banks – Rs. 460.68 Lacs (P.Y Rs. 417.95 Lacs).
- c) On capital commitments not provided for – Rs. 39 Lacs (P.Y Rs. 19.16 Lacs).
2. Managerial remuneration to the Managing Director has been paid as per previous rates Rs. 1463400/- (Previous year RS. 24, 46,950/- which includes Rs. 1157700/- as arrears for the period from 01.11.04 to 30.04.06, inclusive of perquisites and benefits) the remuneration has been paid as per Central Government approval vide letter no. 1/510/2005-CL-VII dated 26.04.06.
3. In compliance with the requirement of Accounting Standard –2, valuation of inventories, which is mandatory from 1st April 1999, the company has changed the accounting. Excise duty and provided excise duty liability on stock as on balance sheet date and included in valuation of such stocks. However on the closing stock of finished goods provision of excise duty of Rs. 47642 & provision for education cess, and higher secondary education cess of Rs. 1429 has not affected the profit & loss account of the company.
4. CENVAT credit available on raw materials is accounted by booking raw material purchases of net of excise duty. Similarly CENVAT credit entitlement on capital goods is accounted on booking the capital goods net of excise duty. Both these credits are accumulated and shown as receivable in "Loans and Advances" for adjustment in due course against duty payable on dispatch of finished goods, subject to compliance of excise rules in this regard.
5. The balances of Secured Loans, Unsecured Loans, Debtors, Creditors and Loans & Advances etc are subject to confirmation and reconciliation.
6. **Financial & Management information systems**
To practice an integrated accounting system which unifies both financial books and costing records The books of accounts and other records have been designed to facilitate compliance of the relevant provisions of the Companies Act on the one hand, and meet the internal requirements of information and systems for planning, review and internal control on the other.
7. Unsecured loans include RS. 93,053/- received in earlier years from "Foreign Promoters" represents excess amount received towards allotment of Equity Shares. Reserve Bank of India's approval to refund the amount is still awaited.
8. Additional information pursuant to the provisions of paragraphs 3, 4C & 4D of part II of schedule VI of the Companies Act, 1956 are given in the enclosed annexure.
- 9.. Previous year figures have been re-arranged/regrouped wherever necessary to confirm to the classification adopted in the current year.
10. The Company made a Rights issue of Equity Shares of RS. 10/- each at a premium of Rs.12/- per share to existing shareholders in the ratio of one-equity shares for every three equity shares held in the Financial Year 1995-96. Allotment was made on 15.07.95 and share application money and allotment money has been apportioned to Share Capital and Share Premium as per the terms of letter of offer. Application money called at the time of application was RS. 5.50 per share out of which RS. 2.50 as share application money and balance RS. 3/- towards Share Premium. The Allotment Money was payable on 31.08.95. Calls in arrears in respect of equity shares has been accounted for and deducted from issued share capital account, the balance in arrears in respect of share premium will be accounted for as and when received.

11. The financial statements are prepared on accrual basis, in accordance with the generally accepted accounting principles and provisions of Companies Act, 1956 as adopted consistently by the Company, except gratuity, Leave encashment, LTA and premium on Right Issue being accounted for on Cash Basis. Claims etc which is unascertainable is accounted for as and when settled.
12. Inventory shows a sum of RS. 893.79 lacs towards cost of Dies manufactured in house for production of forging in Forge Shop. The consumption of Dies has not been charged as per utilization of the Dies, but is being charged to Profit & Loss account as & when the respective Die is discarded. During the current year as certified by management Rs. 21.05 Lacs have been spent on manufacturing of Dies for various new products and has been charged on account of discarding of dies Rs. 16.46 Lacs.
13. Based on the information available with the company, the company has identified 4 vendors as Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act 2006. The balance due to such vendors as at 31.03.2008 has been disclosed separately under current liabilities and provisions (refer schedule 9).

Disclosure relating to dues outstanding to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Act 2006 (as at 31.03.08):

(a) Amount remaining unpaid to Micro and Small Enterprises at the end of the year:

(i) Principle amount:	Rs.	13.79 lacs
(ii) Interest thereon:	Rs.	Nil
(iii) Total	Rs.	13.79 Lacs

(b) Amount of payments made to Micro and Small Enterprises beyond the appointed date during the year :

(i) Principle Amount:	Rs.	22.01 lacs
(ii) Interest actually paid U/s Section 16 of the Act:	Rs.	Nil
(iii) Total	Rs.	22.01 lacs

(c) Interest due and payable (excluding interest under section 16 of the Act) to Micro and Small Enterprises for delayed payments:

(i) Interest accrued during the year as per Agreed terms	Rs.	Nil
(ii) Interest payable during the year as per agreed terms:	Rs.	Nil

(d) Interest accrued (including interest under section 16 of the Act) and remaining unpaid at the end of the year:

(i) Interest accrued during the year:	Rs.	Nil
(ii) Interest remaining unpaid during the year:	Rs.	Nil

14. Earning Per Share (EPS)

In terms of Accounting Standard-20, the calculation of EPS is given below: -

Particulars	2007-08	2006-07
Profit (Loss) as per Profit & Loss A/c (Rs. In Lacs)	91.70	251.94
Weighted Average Number of Equity Shares Outstanding during the year (In Lacs)	3947.11	3782.35
Basic and Diluted EPS	0.02	0.07

15. Deferred Tax Assets (Net) - The accounting standard 22, viz accounting for taxes on income issued by the Institute of Chartered Accountants of India, has become applicable to the company. The Company has unabsorbed depreciation and unabsorbed loss which is to be carried forward as per the provisions of Income Tax Act, 1961. In the opinion of management there is no certainty that sufficient future taxable income will be available against which deferred tax asset can be realised, accordingly no deferred tax asset has been recognized.

16. Related Party Disclosures

(a) Key Management Personnel and relatives

Mr. Deshbir Singh - Managing Director

Transactions with related party

	2007-08	2006-07
Unsecured loan(Cr.)	16.50 Lacs	Nil
Balance Payable on account of salary and expenses credited	229.89 Lacs	80.35 Lacs

(b) The related party with whom transactions have taken place during the period where the Key Management Personnel has a significant influence

M/s Harig India Pvt. Ltd.

Transactions with Related Party

	2007-08	2006-07
Sales & Job Work (In Rs.)	Nil	Nil
Purchase & Job work	Nil	Nil
Balance At Close (Credit)	2247228.34	2247228.34

17. Segment reporting

(a) Since the Company's business activity falls within a single business and geographical segment, there are no additional disclosures to be provided under accounting standard 17 "Segment Reporting" other than those provided in financial Statements.

(b) The Major products dealt in by the company are Forgings & Crankshafts.

18. Current tax provision on account of substantial carry forward of losses and unabsorbed Depreciation, the management is of the opinion that there will not be any tax liabilities on current profits which are adjustable with unabsorbed depreciation and carry forward of losses as such no provision for current tax has been made. However, Provision for Taxation on current year profit has been made based on relevant provisions of Income Tax Act 1961.

19. The company issued 90,00,000 convertible warrants during the year 2004-05 in which, the warrant holders have an option to convert these warrants into equity shares determined at an initial conversion price of Rs. 14.25 per share within a period of 18 months from the date of allotment i.e. 6th October 2004 to 5th April 2006. During current year 2005-06 Out of 9000000 warrant holders 4000000 have exercised their option and paid the conversion price at Rs. 14.25 per share during the year and the total proceeds (Net of Advance) Rs.512 lacs have been used for OTS due of financial institutions, working capital requirement and other corporate purposes. During the year 2006-07 out of 50,00,000 warrant holders 1500000 have exercised their option and paid the conversion price at Rs. 14.25 per share and total proceeds (Net of Advance) Rs. 192 Lacs have been used for acquiring assets. The company has refunded Rs. 50.75 Lacs to a warrant holder with the prior approval of Board of Directors, who has not exercised his option for conversion of warrants in to shares.

20. On 22.12.06 the company issued 2 Crore equity shares of Rs.1/- to M/s Duke Special Situation Fund at Rs. 3.10 per share on preferential allotment basis. The total proceeds of Rs. 6.20 crore have been utilized for import of machinery.

The company also issued 6 crore convertible warrant at an initial conversion price of Rs.3.10 per Share and paid 10% as application/allotment money. The warrant holder have an option to convert these warrants into equity share within a period of 18 month from the date of allotment i.e. 22nd December 2006 to 21st June 2008, The total proceeds received from warrant holder Rs. 186 lacs have been used for import of Machinery.

21. In the opinion of management, there is no impairment of any of the fixed Assets of the company in terms of AS-28 Issued by The ICAI.

22. The Sundry Debtors and Loans & Advances which are outstanding for more than two years according to the aging but no provision for bad debts and doubtful debts have been provided for because management is of the view that these amounts are recoverable even if they are outstanding for more than two years under the aging system.

SCHEDULES TO BALANCE SHEET**HARIG**

24. Important Performance Ratios - This statement includes stores used for repairing of Plant & Machinery etc. items, since

Sl. No.	Ratio	2007-08
1	Income/Total Assets	0.59
2	Profit before Intt. & tax/Capital Employed	0.05
3	Profit After Tax/Income%	0.02
4	Return On Net Worth	0.02

Total Assets = Fixed Assets + Current Assets + Loans & Advance Capital Employed = Equity Share Capital + Reserve & Surplus + Secured Loan + Unsecured Loan (Net of Capital Work in Progress) Net Worth = Equity Share Capital + Reserve & Surplus.

25. General:

- A) Expenses in excess of 1% of total revenue is freight & cartage included in charges general Rs.39.36 Lac (Previous Year Rs. 70.52 Lac)
- B) Earning on exchange Rate Fluctuation on Cancellation of Forward Contract has been included in charges General Credit Rs. 16,67,881 (Previous Year Credit Rs. 339400/-)

26. Previous year income and previous year expenses, unrecovered/unclaimed amounts written of and written back have been charged to Profit and Loss Account after netting.

ADDITIONAL INFORMATION

(I) LICENCED/INSTALLED CAPACITY

			INSTALLED CAPACITY	LICENCED CAPACITY
(A) CRANKSHAFTS	IN NOS.	C.Y.	80000	80000
		P.Y.	80000	80000
(B) FORGINGS	IN M.T.	C.Y.	17000	17000
		P.Y.	17000	17000

NOTE:- Installed capacity is as certified by the management on which auditors have placed reliance, this being a technical matter.

(II) PRODUCTION, SALES & STOCKS

DESCRIPTION	FORGINGS		CRANKSHAFTS		FINI SHEDDIES FOR CAPTIVE USE		JOB WORK CRANKSHAFTS FORGINGS			
	Wt.in	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Wt.in	Rs.
	M.T.		Nos.		in Nos.		inNos.		M.T.	
Opening Stock										
	C.Y.	0	83	348042	185	88920700	0	0	0	0
	P.Y.	0	0	0	188	88510664	0	0	0	0
Production										
	C.Y.	3241	40347	200501748	3	2104618	11798	27838113	0	
	P.Y.	3792	53592	265201521	15	11773231	12395	29195674	0	0
Sale/Captive Consumption										
Outside Sale	C.Y.	1672	183038963	40347	200501748	3	1645872	11798	0	0
Captive	C.Y.	1569		0						
Outside Sale	P.Y.	2158	228734723	53509	269866091	18	11363195	12395	9482400	560 1033226
Captive	P.Y.	1634	0	0	0	0	0	0	0	0
Closing Stock										
	C.Y.	0	0	83	389371	185	89379446	0	0	0
	P.Y.	0	0	83	348042	185	88920700	0	0	0

(II) RAW MATERIAL, STORES AND SPARES CONSUMED DURING THE FINANCIAL YEAR 2007-08

	Qty.	Current Year Amount	Qty.	Previous Year Amount
Steel (Qty. in M.T.)	4548	183799357	6168	251415777
Balance Weight & High Tension Bolts		4997057		6789604
Semi Finished Goods Purchased (In Nos.)		3065		426295
Stores & Spares		28331820		41298389
		<u>217131299</u>		<u>299930065</u>
(IV) PURCHASE OF FINISHED GOODS FOR TRADING		348950		355246

NOTE:- Balance Weight & High Tension Bolts, Stores & Spares and Finished Goods for Trading being too may quantitative details are not practicable.

(V) C.I.F. Value of Imports

Capital Goods	1252342660	10154427
	<u>1252342660</u>	<u>10154427</u>

(IV) Expenditure in Foreign Currency (subject to deduction of tax

& RBI approval wherever applicable) (to the extent charged to Profit & loss Account)

M.D. Foreign Traveling	16805	124298
	16805	124298

(VI) Earnings in Foreign Exchange on Export Sale (FOB Value)

Earnings in Foreign Exchange on Export Sale (FOB Value)	1922268	2518136
---	---------	---------

ADDITIONAL INFORMATION

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Amount Rs. In Lacs)

1. Registrar on Details

Registration No.	026603	State Code	20 (refer Code List)
Balance Sheet Date	31	03	08
	Date	Month	Year

2. Capital raised during the year (Including Share Premium)

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

3. Position of Mobilization and Development of Funds

Total Liabilities – 8085.61	Total Assets – 8085.61
Source of Funds	
Paid up Capital – 3935.53	Reserves & Surplus – 1551.66
Secured Loan – 2394.99	Unsecured Loan – 203.43
Application of Funds	
Net Fixed Assets – 4379.58	Investments - Nil
Net Current Assets – 2975.80	Miscellaneous Expenditure – Nil
Accumulated Losses – 730.23	

4. Performance of Company

Turnover - 4247.85	Total Expenditure – 4156.15
Profit Before Tax – 105.54	Profit After Tax – 91.70
Earning Per Share – Rs. 0.02	Dividend Rate – Nil

5. Generic Name of Three Principal Products of the Company

(As per monetary Terms)	
Item Code No. (ITC Code)	
Product Description	Steel forgings – 72.07
Item code No. (ITC Code)	
Product Description	Crankshafts – 84.83

CASHFLOW FROM STATEMENT FOR THE YEAR ENDED

	2007-08	2006-07
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) After Tax	9170010	25194167
Adjustment For:-	0	
Depreciation For Current Year	30766442	29968844
Depreciation Written Back on Sale of Fixed Assets	0	(1587002)
Provision for MAT	1200000	
Interest Received	(3689842)	(3617244)
Interest Expenses	24810129	17351462
Prior Period Expenses	(492074)	(517968)
Operating Profit Before Working Capital Charges	<u>61764665</u>	<u>66792259</u>
Adjustment For:-		
Trade and Other Receivables	(7180142)	(40862024)
Inventories	(24095576)	(20016352)
Trade Payables	<u>18276871</u>	<u>(33563747)</u>
Cash Generated From Operation	48765818	(27649864)
Interest Expenses	(24810129)	(17351462)
Interest Received	<u>3689842</u>	<u>3617244</u>
Cash Flow Before Extra-Ordinary Items	<u>27645532</u>	<u>(41384082)</u>
Depreciation Written Back	0	0
Net Cash From Operating Activities	<u>27645532</u>	<u>(41384082)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchases Of Fixed Assets	(158105811)	(64495870)
Sales Of Fixed Assets	0	1880446
Net Cash Used In Investing Activities	<u>(158105811)</u>	<u>(62615424)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Issue Of Share Capital	6377	81200750
Proceeds from issue of Share warrants	0	13525000
Proceeds From Long Term Borrowings	58740073	64935601
Proceeds From Working Capital Borrowings From Bank	6294956	13994945
Net Cash Used In Financing Activities	<u>65041406</u>	<u>173656296</u>
NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)	<u>(65418874)</u>	<u>69656792</u>
CASH AND CASH EQUIVALENTS-Opening Balance	<u>83244064</u>	<u>13587272</u>
CASH AND CASH EQUIVALENTS-Closing Balance	<u>17825190</u>	<u>83244064</u>

Notes:

- 1) Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Statement (AS) 3 "Cash flow statement" as specified in the Companies(Accounting Standard Rule 2006)
- 2) Purchase of Further assets included movement of capital work in progress during the year.
- 3) Cash and Cash equivalents at the end of the Year represent Cash and Bank Balances.

As per our report of even date attached

For and on behalf of the Board of Directors

For J.K. ARORA & CO.,
Chartered Accountants

J.K.Arora
Proprietor

HEMANT SINGHAL
COMPANY SECRETARY

SUSHIL NANDA
DIRECTOR

DESHBIR SINGH
CHAIRMAN &
MANAGING DIRECTOR

Place: Noida
Dated: 30.08.08

HARIG CRANKSHAFTS LIMITED

Registered Office : C-49, Noida, Phase - II, Distt. Gautam Budh Nagar U.P.

25th ANNUAL GENERAL MEETING

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND HAND IT OVER AT THE ENTRANCE

Name of the Member/Proxy (IN BLOCK LETTER)	Folio
	DP ID* No.
	Client ID No.
	* No. of Shares

I hereby record my presence at the Annual General Meeting of the members of the Company held at the registered office of the Company at C-49 Noida Phase-II, Dist. Gautam Budh Nagar, U.P. on Tuesday 30th September, 2008, at 11:00 a.m.

SIGNATURE OF MEMBER/PROXY.....

Note : 1. Members/proxy holders are requested to bring this Attendance Slip duly filled in and signed with them when they come to the Meeting and hand it over at the entrance of the Meeting Hall. No attendance slip will be issued at the time of the Meeting.

2. Applicable for members holding shares in dematerialised form.



HARIG CRANKSHAFTS LIMITED

Registered Office : C-49, Noida, Phase - II Distt. Gautam Budh Nagar U.P.

PROXY FORM

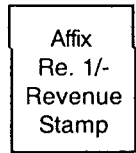
I/Weof.....being a Member/Members of **HARIG CRANKSHAFTS LIMITED** hereby appoint Mr./Mrs.Miss.....of.....or falling him/her.....ofas my./our Proxy and to attend and vote for me/us on my./our behalf at the Annual General Meeting of the Company to be held at C-49, Noida, Phase-II, Distt. Gautam Budh Nagar U.P. at 11.A.M. on 30th September, 2008 or at any adjournment thereof.

As witness my/our hand(s) this.....day of.....2008.

Signature.....

Signed by the said.....day of.....2008.

Folio No.....DP ID No.....Client ID No.No. of Shares



Note : 1. The proxy form must be returned so as to reach the requested office of the company not less than 48 hours before the time for holding the aforesaid meeting.

* Applicable for members holding shares in dematerialised form.

BOOK POST

IF UNDELIVERED, PLEASE RETURN TO :

HARIG CRANKSHAFTS LIMITED
C-49, Phase-II, NOIDA
Distt. Gautam Budh Nagar (U.P.)