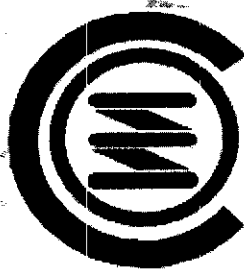


Eleventh Annual Report

(1998 - 99)



Coventry Coil-O-Matic (Haryana) Limited

**BOARD OF DIRECTORS**

Shri Harbaksh Singh, IAS	Chairman	HSIDC NOMINEE
Shri N.M. Bafna	Managing Director	
Shri R.K. Gupta	Director	HSIDC NOMINEE
Shri A.P. Chamoli	Director	HSIDC NOMINEE
Shri P.G. Lele	Director	ICICI NOMINEE
Shri A.M. Bafna	Director	
Shri P.R. Kibe	Director	
Shri R.M. Bafna	Director	

COMPANY SECRETARY

J.P. Lodha

REGISTERED OFFICE & WORKS

Village Salawas, P.O. Sangwari
Distt. Rewari - 123 401 (Haryana)

ADMINISTRATIVE OFFICE

209, Hans Bhawan
1, Bahadur Shah Zafar Marg
New Delhi - 110 002

AUDITORS

SINGHI & COMPANY
Chartered Accountants

BANKERS

Central Bank of India
State Bank of Bikaner & Jaipur
Bank of India
Canara Bank

REGISTRARS & SHARE TRANSFER AGENTS

ABC Computers (P) Ltd.
116, Sant Nagar
East of Kailash
New Delhi - 110 065

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*Eleventh Annual Report (1998-99)***NOTICE**

Notice is hereby given that the 11th Annual General Meeting of the Company shall be held on Friday, the 24th September, 1999 at 12:30 p.m. at its Registered Office - Village: Salawas, P.O. Sangwari, Distt. Rewari - 123 401 (Haryana), to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March 1999 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s. Singhi & Co., Chartered Accountants, the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS:

3. To consider and if thought fit to pass with or without modification the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provision of Sections 198, 269, 309 read with Part-I and Part-II of Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Shri R.M. Bafna as a Whole-time Director of the Company for a period of five years with effect from 1st August 1999 upon the terms and conditions as set out in the draft Agreement dated 24th July 1999 entered into between the Company and Shri R.M. Bafna, as placed before this meeting and initialed by the Chairman".

Registered Office:

Village - Salawas
P.O. Sangwari
Distt. Rewari - 123 401 (Haryana)
Date : 25th August, 1999

By order of the Board of Directors
for **COVENTRY COIL-O-MATIC (HARYANA) LIMITED**

J.P. Lodha
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 17-09-1999 to 23-09-1999 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
4. Members who have multiple accounts are requested to intimate to the Company, the Ledger Folio Numbers of such accounts and send all relevant Share Certificates to enable the Company to consolidate all shareholding into one account. The Share Certificates will be returned back to the Members after consolidation.
5. Members are requested to notify the Company of any change in address in full with Pin code numbers.
6. Members desirous of getting any information about the accounts and operations of the Company are requested to send their queries to the Company at its Registered Office well in advance so that the same may reach at least seven days before the date of the meeting to enable the Management to keep the required information readily available at the meeting.
7. Members/proxy-holders are requested to produce at the entrance the attached Admission Slip duly completed and signed for admission to the meeting hall.
8. All documents referred to are open for inspection at the Registered Office of the Company during Office hours on any working days.

MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.



EXPLANATORY STATEMENT REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No.3

The Board of Directors of the Company at its meeting held on 23rd July 1999 resolved to appoint Shri R.M. Bafna as a Whole-time Director of the Company with effect from 1st August 1999 upon the following terms and conditions as contained in the Agreement dated 24th July 1999 subject to approval of Financial Institutions.

- I Period of Agreement : Five years from the date of appointment
- II Remuneration
- (i) Salary : Rs. 18000-2000-28000
- (ii) Commission : One percent of the Net profits of the company as computed in terms with Section 349 of the Companies Act, 1956 subject to approval of Financial Institutions

III Perquisites

Part-A:

- 1 Housing I : The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceilings :-
- a) Bombay, Calcutta, Delhi & Madras – 60% of the salary, over and above 10% payable by you
- b) Other Places – 50% of the salary, over and above 10% payable by you.
- Housing II : In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company.
- Housing III : In case no accommodation is provided by the Company, the Whole-time Working Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.
- Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the Whole-time Working Director.
- 2 Medical Reimbursement : Expenses incurred for the self and the family subject to ceiling of 1 month's salary in a year or 3 month's salary over a period of 3 years.
- 3 Holiday passage for children studying outside India/family staying abroad : Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from their place of study or stay abroad to India, if they are not residing in India. This amount shall not be included in the computation of the ceiling on remuneration as laid down in schedule XII of the Companies Act, 1956 as amended.
- 4 Leave Travel Concession : Return passage of self and family in accordance with the rules specified by the Company.
- 5 Club Fees : Fees of clubs subject to a maximum of 2 clubs. This will not include admission and life membership fees.
- 6 Personal Accident Insurance : Premium not to exceed Rs. 2,000.00 per annum.

Part-B:

- 1 Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- 2 Gratuity : Not exceeding half a month's salary for each completed year of service, subject to ceiling of Rs. 2,50,000.00

Part-C:

Provision of car for use on Company's business and telephone at residence will not be considered perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company.

Memorandum of Interest:

Shri R.M. Bafna may be deemed to be interested in this appointment.

Besides, Shri A.M. Bafna and Shri N.M. Bafna, Directors of the Company may be deemed to be interested in the aforesaid appointment by virtue of being relatives of Shri R.M. Bafna.

The Board of Directors of your Company recommends passing of the aforesaid Ordinary Resolution.

Registered Office:

Village - Salawas

P.O. Sangwari

Distt. Rewari - 123 401 (Haryana)

Date : 25th August, 1999

By order of the Board of Directors
for **COVENTRY COIL-O-MATIC (HARYANA) LIMITED**

J.P. Lodha
(Company Secretary)

The Equity Shares of the Company are listed at the following Stock Exchanges:-

- | | |
|---|--|
| 1. The Delhi Stock Exchange Association Ltd.,
West Plaza, Indira Gandhi Stadium,
Indraprastha Estate,
New Delhi-110002 | 2. The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001 |
| 3. The Stock Exchange Ahmedabad,
Kamdhenu Complex,
Opp. Sahajanand College,
Panjara Pole,
Ahmedabad-380015 | 4. The Calcutta Stock Exchange Association Ltd.
7, Lyons Range,
Calcutta-700001 |



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have the pleasure in presenting the 11th Annual Report and the Audited Accounts of the Company for the year ended 31st March 1999.

PROGRESS AND PERFORMANCE:

The year 1998-99 saw sluggish economic conditions and political uncertainty. However, your Company was able to increase its sales turnover by 10.8% from Rs. 964 lacs to Rs. 1068 lacs. Your Company produced 1078 M.T. of various types of springs as against previous year 985 M.T., an increase of 9.4%.

During the year, your Company was able to increase its share of business with Maruti Udyog Ltd. Supplies to TELCO started in December, 1998, when INDICA, India's first truly "indigenous" low-end passenger car was launched.

With intense competition in the automotive industry, there was severe pressure for price reduction. As such the performance of your Company was affected. Loss in 1998-99 amounted to Rs. 80.65 lacs, increasing the carry forward loss to Rs. 964.47 lacs.

In July, 1999, your Company has been awarded ISO-9002:1994 accreditation by TUV for establishing and applying a Quality System for manufacture of Cold formed Coil Springs.

PRODUCTION DETAILS & FINANCIAL RESULTS:

(i) Comparative production detail:

YEAR	PRODUCTION (M.T)	SALES	
		Quantity (M.T)	Value (Rs. in lacs)
1996-97	781	783	793
1997-98	985	982	964
1998-99	1,078	1,079	1,068
%Increase over Previous Year	9.4%	9.9%	10.8%

(ii) Financial Result (Rs. in lacs):

	1998-99	1997-98
Profit/(Loss) before Depreciation & Interest	190.12	184.98
Interest	188.57	188.28
Profit/(Loss) after Interest	1.55	(3.30)
Depreciation	82.20	79.66
Loss	80.65	82.96

FUTURE PROSPECTS:

The Indian automotive industry has undergone a sudden change in the last few months with the market increasing

by about 35%. Your Company's monthly sales have for the first time crossed Rs. 100 lacs from May 1999 and, it is expected to go up substantially during the year.

The Directors are confident that as we move into the next millennium, your Company will perform extremely well.

SICK INDUSTRIAL COMPANY:

In response to the reference made by the Company under section 15(1) of Sick industrial Company (Special Provisions) Act, 1985 (SICA) to the Board for Industrial and Financial Reconstruction (BIFR), the Bench declared the Company as a Sick Industrial Company under section 3(1) (i) of SICA and has directed the Company to submit revival-cum-rehabilitation package under section 17(2) of SICA to the Industrial Credit & Investment Corporation of India (ICICI) which was directed to submit an agreed package for consideration and approval of the Board. The revised-cum-rehabilitation package has since been submitted and approval of the the Board is awaited.

PARTICULARS OF EMPLOYEES:

None of the employees is getting remuneration of Rs.25,000 or more per month or Rs.3,00,000 per annum, hence, Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 is not applicable.

YEAR 2000 (Y2K) COMPLIANCE STATUS:

The Company's operations, processes and functions are not affected by the Year 2000 problem.

INDUSTRIAL RELATIONS:

During the period under review the relations between the Management and employees were cordial.

DIRECTORS:

HSIDC nominated Shri Harbaksh Singh, IAS on the Board as Chairman in place of Shri Y.S. Malik, IAS. The Directors would like to place on record their sincere appreciation and thanks for the valuable services rendered by Shri Y.S. Malik during his tenure as Chairman of the Company.

Shri Jeewan Bhardwaj resigned from the Board and Shri R.K. Gupta was co-opted as HSIDC nominee Director in his place. The Directors would like to place on record sincere appreciation and thanks for the valuable services rendered by Shri Jeewan Bhardwaj during his tenure as Director of the Company.

Shri P.R. Kibe, Director of the Company, retires by rotation at the ensuing Annual General Meeting.

AUDITORS:

M/s Singhi & Co., Chartered Accountants, Auditors of the Company, retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.