



Coventry Coil-o-Matic (Haryana) Ltd.

15TH ANNUAL REPORT 2002-2003



COVENTRY COIL-O-MATIC (HR) LTD.

Registered to ISO 9001:2000

Certificate No. A11541



BOARD OF DIRECTORS

Shri N.M. Bafna
Shri Goutam Bhattacharya
Shri A.M. Bafna
Shri R.M. Bafna
Shri Arun Mittal
Shri Sharad Malhotra

Managing Director
Director
Director
Director
Director
Additional Director

ICICI NOMINEE

COMPANY SECRETARY

J.P. Lodha

REGISTERED OFFICE & WORKS

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

ADMINISTRATIVE OFFICE

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

AUDITORS

SINGHI & COMPANY
Chartered Accountants

BANKERS

Central Bank of India
Punjab National Bank
Bank of India
Canara Bank

REGISTRARS & SHARE TRANSFER AGENTS

INTIME SPECTRUM REGISTRY LTD.

A31, Third Floor, Near- PVR Cinema,
Naraina Industrial Area, Phase-1,
New Delhi - 110028.

TEL: (011) 51410592-93-94 FAX: (011) 51410591
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NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Company shall be held on Monday, the 29th September, 2003 at 11:30 a.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 2003 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 Director in place of Shri. Arun Mittal, who retires by rotation, but being eligible, offers himself for re-appointment.
3. 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:

4. Alteration of Articles

To consider and approve the following special resolution, with or without modification, for giving effect to alteration of Articles of Association:

"RESOLVED THAT in accordance with the provisions of section 31 of the Companies Act, 1956, the Articles of Association of the Company be and here by altered as follows:

- A. The existing clause 3 of the Articles of Association be substituted with the following new clause:

3. Buy-back of shares

Subject to the provisions of section 77A of the Act, the Company may purchase its own shares or other specified securities (hereinafter referred to as "Buy back" out of its free reserves or the securities premium account or the proceeds of any fresh issue of shares or other securities) by passing a special resolution in the General Meeting.

- B. The existing clause 5 of the Articles of Association be substituted with the following new clause:

5. Issue of shares with differential voting rights

1. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 106 & 107 of the Act and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three fourth of the issued shares of that class or with a sanction of a resolution passed at a separate meeting of the holders of the shares of that class.
2. Subject to the provisions of Section 170(2) (a) and (b) of the Act, to every such separate meeting, the provisions of these regulations relating to meetings shall mutatis mutandis apply, but so that the necessary quorum shall be atleast five persons holding shares or representing by proxy or one-third of the issued shares of the class in question.

- C. A new clause 5A be inserted after clause 5:

5A. Issue of Sweat Equity

Subject to the provisions of section 79A of the Act, the Company may issue sweat equity of a class of shares already issued, in the general meeting by passing a special resolution specifying the number of shares, current market price, consideration, if any, and the class or classes of Directors or Employees to whom such Shares are to be issued.



D. The sub-clause (2) of clause (117) be and is hereby deleted.

E. The sub-clause (c) of clause (119) be and is hereby deleted.

FURTHER RESOLVED THAT Mr. J. P. Lodha, Secretary of the Company be and is hereby authorised to do all such acts, deeds and things which are necessary to give effect to above resolution and file all the necessary papers with the Registrar of Companies, NCT of Delhi & Haryana."

F. The existing clause 142 of the Articles of Association be substituted with the following new clause:

142. Power to appoint Chairman

The Board of the Company shall have the powers to appoint a Chairman of the Company who shall be entitled to preside at all General Meetings of the Company as well as of the Board Meetings. If at any meeting of the Board, the Chairman is not present within 30 minutes of the time appointed for holding the same, the Directors present may choose one of their members to be the Chairman of the meeting."

5. Delisting of Shares

To consider and approve the following special resolution, with or without modification:

"RESOLVED THAT the Company may get its shares delisted from Ahmedabad, Calcutta and Delhi Stock Exchanges under the SEBI (Delisting of Shares) Guidelines, 2003."

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

Date : 30th August, 2003

Place : New Delhi

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 18-09-2003 to 25-09-2003 (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. 4

The Collaboration Agreement of the promoter Company i.e. Coventry Spring & Engineering Company Ltd. with HSIDC (Haryana State Industrial Development Corporation Ltd.) has come to a conclusion. Since originally the Company was incorporate as a Joint Venture between the above parties, certain provisions were included in the Articles of Association to give effect to the Collaboration Agreement entered into between the two. Now, there is a need to remove the provisions which have become redundant as a result.

Further, with the recent changes in the Companies Act, 1956 and introduction of new provisions relating to Buy-back of shares, Issue of Shares with Differential Voting Rights, Issue of Sweat Equity Shares, etc., there is need to include these provisions in the Articles of Association of the Company.

Item No. 5

The shares of Company are listed on Ahmedabad, Calcutta, Delhi and Mumbai Stock Exchanges. With the recent changes in Capital Markets scenario in India, the Regional Stock Exchanges have seen a drastic fall in trading. As a result, the shares of our Company have a negligible trading on the Regional Stock Exchanges, i.e. Ahmedabad, Delhi & Calcutta Stock Exchanges.

To avoid unnecessary costs of listing on the three Regional Exchanges, the Company may get its shares delisted from these Stock Exchanges. SEBI has recently come up with new guidelines for Delisting under which a Company which is listed on any of the National Level Stock Exchange, i.e. BSE and NSE, may go in for Delisting from all other Stock Exchanges on which it is listed. Since the shares of our Company are listed on BSE, we can get our shares delisted from three Regional Exchanges. This will require passing of special resolution at the ensuing General Meeting of the Company.

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

Date : 30th August, 2003
Place : New Delhi

J.P. Lodha
Company Secretary



MANAGEMENT DISCUSSION & ANALYSIS

1) INDUSTRY STRUCTURE & DEVELOPMENT:

CCHL started its commercial production in 1992 with the primary aim to be supplier to the Automobile Industry. Around 95% of the total sales as on date are to the Automobile Industry itself. Tremendous growth is foreseen in the Automobile Industry in India. Further with the Globalization coming in, the industry shall have the international arena open to itself. The Indian Industry shall be quite competitive in the International Market. Therefore no threat is seen from the Industry as such.

2) OPPORTUNITIES & THREATS:

a) Opportunities:

Over the period of last ten years the Company has developed recognition in the market and the demand from its customers is showing an upward trend. The existing customers are not only increasing our share of business but are also confiding in the company for development of springs other than the suspension springs. Apart from this the customer base has also increased. The company has also explored the international market and has been successful in receiving export orders.

b) Threats:

The company does not foresee much threat however other competitors are also entering the market. The company however feels that because of its quality and rates they shall not pose much problem and the company's share of business should not suffer.

3) PERFORMANCE

The company has achieved sales growth of around 10% over last year. The growth of production of suspension springs over last year was around 15%. The company has also increased its share of business with Sundaram Clayton Ltd. from 12% to 17%. The company has been successful in receiving orders for springs ranging between wire diameter 2 mm to 5 mm. This has helped the company in better utilization of underutilized coiling machine.

4) RISKS & CONCERNS

The main risk, which the company foresees is the availability of adequate quantity and quality of Raw Material. The prices of the raw material are increasing drastically, with tough competition in the market it may not be possible to pass on the entire increase to the customers also if the supply of raw material is erratic, the company shall have to import the same. This may further effect the profitability of the company.

5) OUTLOOK

As the demand from the Automobile Sector is showing positive trend, the company has poised itself for a growth of around 20 % in terms of production & sales. The company has been successful in achieving export orders as well which shall assist the company in achieving the targeted growth.

6) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control systems and procedures commensurate with its size and nature of business. The internal control systems are supported by internal audit carried out by a professional audit firm. The firm carries out extensive audit throughout the year covering almost all areas of operation. The adequacy and effectiveness of the internal control, as well as compliance with the laid down systems, policies and accounting standard are comprehensively monitored by the Internal Auditors. The management reviews the finding of Internal Auditors on regular basis.

7) HUMAN RESOURCES

The Company believes in employees' involvement in achieving the organizational objectives and focused its efforts to upgrade the skills of its workforce to take up the challenges in the present cut-throat competition. The training system so to be provided is need-based training to its employee. The Company is putting efforts to make its appraisal system more effective to cater to the financial and career aspirations of employees to increase the organizational effectiveness.

Your Company is glad to announce that the Industrial Relation continue to be very cordial indicating the prevalence of high degree of excellent relationship between employees and employers. The Company has also created opportunities for the employees to acquire multi-skills to face future challenges.

8) CAUTIONARY STATEMENT

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include global and domestic demand- supply conditions, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent development, information or events.

Particulars	2011-12	2010-11	2009-10
Revenue	1,00,000	95,000	90,000
Expenses	80,000	75,000	70,000
Profit	20,000	20,000	20,000
Net Profit	15,000	15,000	15,000
EPS	150	150	150

Particulars	2011-12	2010-11	2009-10
Revenue	1,00,000	95,000	90,000
Expenses	80,000	75,000	70,000
Profit	20,000	20,000	20,000
Net Profit	15,000	15,000	15,000
EPS	150	150	150



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have the pleasure in presenting the 15th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2003.

PROGRESS AND PERFORMANCE

Despite the slow growth of the economy, the Automobile Sector started picking up in the later part of the Year. In the last Quarter there was tremendous pressure from the Customers to increase supplies. The Company took up the challenge and satisfied its Customers.

The sales achieved were Rs. 1928 lacs as against Rs. 1783 lacs for the previous year. Your Company produced 2066 M.T. of various types of springs as against previous year's 1881 M.T., an increase of 10 %.

As in the previous year there was severe pressure for price reduction, and although your Company's production grew by 10 %, the sales grew by only 8 %.

Your Company started development work on springs for Customers in Canada looking to the Export Market potential. High volumes are assured, and although the margins would be low, the overall opportunity for growth would be very good. The Company continued its efforts in stricter Process Controls and setting Benchmarks, as well as cutting down on Waste, increasing Productivity and putting in efforts to increase its Bottom line. Due to regular Price increases of nearly 10 % in Raw Materials during the year, your Company was able to achieve Profit before Tax (PBT) of Rs. 42.82 lacs as against Rs. 64.08 lacs for the previous year.

PRODUCTION DETAILS & FINANCIAL RESULTS

(i) Comparative production details:

Year	Production (M.T.)	Sales	
		Quantity (M.T.)	Value (Rs. in lacs)
2000-01	1,726	1,723	1,664
2001-02	1,881	1,882	1,783
2002-03	2,066	2,066	1,928
% increase over previous year	9.8%	9.8%	8.1%

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

	2002-03	2001-02	2000-01
Profit before Depreciation, Interest & Tax	279.98	297.23	317.77
Interest	140.79	140.56	171.14
Profit after Interest	139.19	156.67	146.63
Depreciation	96.37	92.59	87.94
Profit before Tax	42.82	64.08	58.69
Current Tax	3.29	4.90	4.84
Deferred Tax	14.66	25.64	-
Tax for earlier Years:			
Income Tax	1.20	0.13	-
Deferred Tax	26.97	14.01	-
Net Profit	-3.30	19.40	53.85



FUTURE PROSPECTS

Since the last Annual Report there has been a complete turn around in the Automobile Sector. The growth in this Sector has shot up to more than 20%. There has been tremendous pressure for increase in supplies of its products to all its existing and new Customers. The Company would need to expand its facilities to be able to cater to the growing demand.

New prospects from the Export market has opened up for the Company, and it is expected that this would be able to contribute to more than 10% of your Company's growth.

So with the increase in requirements from both the Domestic and Export Markets, the Directors are confident that, barring unforeseen circumstances, your Company should ~~be able to achieve a very~~ impressive growth of more than 30% for the current year.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors ~~confirm~~ affirm

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the Directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for the year under review.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed section on the Management Discussion And Analysis forms part of the Annual Report.

PARTICULARS OF EMPLOYEES

There were no employees drawing remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

INDUSTRIAL RELATIONS

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

DIRECTORS

The sad and untimely death of Shri Y.K. Bhatia, Nominee Director of HSIDC created vacancy, which was later filled with the nomination of Shri Mahavir Singh by HSIDC with effect from 25th July 2002.

Shri Goutam Bhattacharya was re-nominated by ICICI Bank Ltd. as their Nominee Director with effect from 24th October 2002.

The nominations of Shri R.K. Gupta, Shri A.P. Chamoli and Shri Mahavir Singh were all withdrawn as Nominee Directors of the Company by HSIDC with effect from 5th August 2002. The Board placed on record its appreciation of the valuable services rendered by Shri R.K. Gupta, Shri A.P. Chamoli and Shri Mahavir Singh during their tenure as members of the Board.



In compliance with the Corporate Governance, the Company has appointed Shri Sharad Malhotra, Chartered Accountant, as an Additional Director of the Company with effect from 30th August 2003 and will hold office till the date of the forthcoming Annual General Meeting.

Shri Arun Mittal, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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.

AUDITORS' OBSERVATIONS

The observations of the Auditors have already been dealt with in the respective Notes on Accounts and need no further clarification.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In pursuance of the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, the required particulars are set out in the Annexure forming part of this Report.

LISTING

The shares of your company are listed on Delhi, Mumbai, Calcutta and Ahmedabad stock exchanges, and pursuant to clause 38 of the listing agreement, the Annual listing fee for the year 2002-03 has been paid to them well before the due date.

CASH FLOW STATEMENT

A Cash Flow Statement, as required by an amended Clause of the Stock Exchange Listing Agreement is included in the Annual Report.

ACKNOWLEDGMENTS

Your Directors would like to express their grateful appreciation for the co-operation and support extended to the Company by its Customers and various agencies of the Central Government, State Government of Haryana and the Financial Institutions.

The Directors wish to place on record their sincere appreciation for the devoted services of all its employees and also express their gratitude to the member-shareholders for their continued patronage.

for and on behalf of the Board of Directors

N.M. BAFNA
Managing Director

Place: New Delhi
Date: 30th August, 2003

R.M. BAFNA
Director