

SEVENTEENTH ANNUAL REPORT 2004-05



Coventry Coil-o-Matic (Haryana) Ltd.



CORPORATE INFORMATION

Board of Directors

N.M. Bafna
Managing Director
R.M. Bafna
Wholetime Director

A.M. Bafna
Arun Mittal
Sharad Malhotra
Director

Board Committees

Audit Committee

Sharad Malhotra
Arun Mittal
A.M. Bafna

Share Transfer and Investors' Grievance Committee

Arun Mittal
R.M. Bafna
Sharad Malhotra

Company Secretary

J.P. Lodha

Auditors

SINGHI & CO.

Chartered Accountants
402, Pragati House,
47-48, Nehru Place
New Delhi - 110019

Bankers

Bank of India
Central Bank of India
HDFC Bank Ltd

Registered Office & Works

Vill- Salawas, Post- Sangwari,
Distt- Rewari -123401 (Haryana)
Phone Nos: 01274-249369 ~371
Fax: 01274-249372
Website: www.coventrycoil.com
e-mail: coventrycoil@india.com

Administrative Office

209, Hans Bhawan
1, Bahadur Shah Zafar Marg
New Delhi - 110 002
Ph. Nos: 011-23370390
Fax: 011-293370621

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
E-mail: delhi@intimespectrum.com

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NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Company shall be held on Thursday, the 29th September, 2005 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 2005 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 Director in place of Shri R.M. Bafna, who retires by rotation, but being eligible, offers himself for re-appointment.
4. 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:

5. To consider and, if thought fit, to pass with or without modification/s, the following resolution as a special resolution.

" Resolved that in accordance with the applicable provisions of the Companies Act 1956, the listing agreement with Stock Exchange and the provisions of the Securities & Exchange Board of India (Delisting of securities) Guidelines, 2003 or any amendment or modification thereto, and Subject to such other approval, permissions & sanctions as may be necessary and such other conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may, at its absolute discretion be agreed to by the Board of Directors of the Company ("the Board") or any committee/ person(s) authorised by the Board, consent be and is hereby accorded to de-list the equity shares of the Company from the Stock Exchange at Delhi/ Ahmedabad/Calcutta.

" Resolved further that authority be & is hereby accorded to the Board or any Committee/ person (s) authorised by the Board to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution without being required to seek any further approval of the members of the Company".

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

Date: 03rd September, 2005
Place: Rewari

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 21-09-2005 to 29-09-2005 (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. 5

The Securities & Exchange Board of India notified the guidelines for voluntary delisting of securities from the stock exchanges. As per clause 5(1) of SEBI (Delisting of securities) guidelines, 2003 an exit opportunity to the shareholders need not be given where securities of the Company remain listed on the stock exchange having nation wide trading terminal i.e. The Stock Exchange, Mumbai, the National Stock exchange of India and any other stock exchange that may be specified by SEBI in this regard.

At present the equity shares of the Company are listed at **Mumbai, Delhi, Ahmedabad & Calcutta**.

Considering the negligible volume of trading and as a part of its cost reduction measure, the consent of members is sought for getting its securities delisted from **Delhi, Ahmedabad & Calcutta** as proposed in the Special Resolution. The securities shall continue to be listed on the Stock Exchange, Mumbai.

The Board recommends the resolution for approval of members.

None of the directors is, in the way, concerned or interested in the said resolution.

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

Date : 03rd September, 2005
Place : Rewari

J.P. Lodha
Company Secretary

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have the pleasure in presenting the 17th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS

| | | (Rs. In lacs) |
|--|----------|---------------|
| | 2004-05 | 2003-04 |
| Turnover | 2,656.24 | 2,005.57 |
| Other Income | 39.31 | 20.19 |
| Increase/(Decrease) in Stocks | (13.96) | (31.56) |
| TOTAL | 2,681.59 | 1,994.20 |
| Profit before Depreciation & Interest | 295.02 | 225.24 |
| Less: Interest | 125.21 | 134.07 |
| Gross Profit | 169.81 | 91.17 |
| Less: Depreciation | 192.56 | 100.50 |
| Profit Before Tax | (22.75) | (9.33) |
| Less: Provision For Tax (Including Deferred Tax) | 3.24 | (13.55) |
| Profit After Tax | (19.51) | (22.88) |
| General Reserve | 70.18 | 93.06 |
| Balance Carried to Balance Sheet | 50.67 | 70.18 |

OPERATIONS

During the year under review, Gross sales of your Company increased 31.81% to Rs. 3060.60 lacs. Even though there was continuous increases in steel prices over the last one year, thereby affecting the input cost of Raw Material, the Gross Profit for the year 2004-05 was Rs.169.81 lacs as compared to the previous year which was Rs.91.17 lacs, an increase by 86.25%.

COURSE OF BUSINESS AND OUTLOOK

As required under the Corporate Governance, the Management Discussion and Analysis Report, which is forming a part of this report, is a reflection of the current state of your Company's Business. The report also deals with the opportunities and challenges faced by your Company and the outlook for the future.

DIRECTORS

In terms of Article 136 of the Articles of Association of the Company, Mr. R.M Bafna and Mr. Arun Mittal, Directors retire by rotation and, being eligible, offer themselves for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

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 that period.
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

Your Company has been following the principles and practices of good corporate governance. The company has complied with corporate governance requirement, as stipulated under Clause 49 of the Listing agreement.

A separate report on Corporate Governance, together with a certificate from the statutory auditors confirming compliance with corporate governance requirement, has been annexed as part of this report.

AUDITORS AND AUDITORS' REPORT

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.

We refer to Clause xi of the Auditors Report with regard to outstanding loan over-dues to the Financial Institutions. Your Directors have approached the IDBI Ltd. and IFCI Ltd. for re-structuring of their over dues, and the Company is hopeful that the same will be considered. However, ICICI Bank Ltd., have filed Winding-up Petition in the Punjab and Haryana High Court, Chandigarh. Your Company is hopeful to resolve the matter soon.

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

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.

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 2004-05 has been paid to them well before the due date.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO.

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.

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.

Your 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

N.M. BAFNA
Managing Director

R.M. BAFNA
Wholetime Director

A.M. BAFNA
Director

Place : Rewari

Date : 3rd September, 2005

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2004.

A. CONSERVATION OF ENERGY

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

FORM 'A'
(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| | | 2004-05 | 2003-04 |
|---|----------|------------------|----------------|
| Power & Fuel Consumption | | | |
| Electricity | | | |
| a) DHBVN Ltd. - Power Purchased (kwh) | Units | 3,529,100 | 3,806,160 |
| Total Amount | Rs. Lacs | 141.24 | 153.74 |
| Rate per Unit | Rs. | 4.00 | 4.03 |
| b) Captive Generation | | | |
| D.G. Sets (kwh) | Units | 1,024,771 | 437,990 |
| Total Amount (HSD) | Rs. Lacs | 56.95 | 20.25 |
| Rate per Unit | Rs. | 5.56 | 4.62 |
| Consumption per Unit of Production | | | |
| PRODUCT (Spring) | | | |
| Electricity - Total Units (kwh) | | 4,553,871 | 4,244,150 |
| - kwh / MT of Product | | 1,391 | 1,601 |

B. TECHNOLOGY ABSORPTION**FORM 'B'****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY, RESEARCH & DEVELOPMENT (R & D)****a) Research & Development:**

- (1) Specific areas in which R & D is carried out by the Company:
 - Continuing development of different Auto Suspension and other springs with high strength, materials, so that there can be cost savings due to weight reduction on the re-designed springs.
- (2) Benefits derived as a result of the above R & D:
 - Retaining the market share for existing above springs.
- (3) Future plan of action:
 - Increased efforts for increasing volume production of door hinge springs for Exports, so as to increase more market share.



- Review of existing products for further developing cost effective products.

(4) Expenditure on R & D:

- As Research & Development is carried out by concerned areas, no separate accounts are, therefore, maintained.

b) Technology absorption, adaptation & innovations:

(1) Efforts towards technology absorption, adaptation and innovation:

- increasing production efficiency by up-gradation on hydraulic systems on machine and improving material handling systems.

(2) Benefits derived as a result of above efforts:

- Met Customers' increased demand for supply of springs.
- Reduced development time for new products.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

| | (Amount in Rupees) | |
|---------------------------|--------------------|-----------|
| | 2004-05 | 2003-04 |
| Foreign Exchange Earnings | 18,040,100 | 4,688,533 |
| Foreign Exchange Outgo | 1,653,210 | 5,564,403 |

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for and on behalf of the Board

N.M. BAFNA
Managing Director

R.M. BAFNA
Wholetime Director

A.M. BAFNA
Director

Place : Rewari

Date : 3rd September, 2005

REPORT ON CORPORATE GOVERNANCE:

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporate in clause 49 of the Listing Agreement is set out below:

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Coventry Coil-o-Matic, we view corporate governance in its widest sense, almost like trusteeship. The company's philosophy on Corporate Governance is to enhance the long-term economic value of the company, its stakeholders i.e. the society at large by adopting better corporate practices in fair transparent manner by aligning interest of the company with that of its shareholders/ other key stakeholders.

Corporate Governance is not merely compliance and not simply creating checks and balance, it is an ongoing measure of superior delivery of Company's objects with a view to translate opportunities into reality. In so far as compliance with the requirements of clause 49 of the Listing Agreement with the Stock Exchange, the Company is in full compliance with the norms and disclosures that have to be made.

II. BOARD OF DIRECTORS

1. COMPOSITION OF THE BOARD:

The Board of Directors comprises of five members, consisting of three Non-executive Directors who account for more than sixty percent of the Board's strength as against minimum requirement of fifty percent as per listing agreement. The Non-executive Directors are eminent professional, drawn from amongst persons with experience in business & industry, finance, law & public enterprises. The composition is as under:-

| Directors | Number of Board Meetings | | Attended Last AGM | Number of Committee memberships held | Number of Committee chairmanship held | Number of outside Directorship held |
|--|--------------------------|----------|-------------------|--|---------------------------------------|-------------------------------------|
| | Held | Attended | | | | |
| | | | | Excluding Private Companies, Foreign Companies and Section 25 Companies. | | |
| Executive Directors | | | | | | |
| Sh. N.M. Bafna | 5 | 3 | Yes | None | None | 1 |
| Sh. R.M. Bafna | 5 | 5 | Yes | None | None | 2 |
| Non-executive Directors | | | | | | |
| Sh. A.M. Bafna | 5 | 2 | No | None | 1 | 2 |
| Non-executive and Independent Directors | | | | | | |
| Sh. Arun Mittal | 5 | 4 | Yes | None | None | 2 |
| Sh. Sharad Malhotra | 5 | 5 | Yes | None | None | None |
| Sh. Basant N. Singhvi ¹ | 2 | 1 | No | None | None | None |

1. Shri Basant N. Singhvi appointed as a Additional Director at the Board meeting held on 28.04.2004 and his office will expired on 30.09.2004 at 16th AGM.
2. Annual General Meeting held on 30th September 2004 at the Company's Registered office at village Salawas, Post-Sangwari, Distt-Rewari-123401.
3. Five meeting of the Board of Directors were held during the year ended 31st March 2005. These were held on: -

1) 28.04.2004 2) 30.07.2004, 3) 04.09.2004, 4) 27.10.2004, 5) 28.01.2005.



2. DIRECTORS' REMUNERATION PAID / PAYABLE: (2004-05)

| Name of Director | Remuneration paid during 2004-05 (All figures in Rs.) | | | |
|------------------------|--|-------------------|------------|----------|
| | Sitting Fees (Board Meeting) | Salary & Perks | Commission | Total |
| Shri N.M. Bafna | — | — | — | — |
| Shri R.M. Bafna* | — | 7,52,986 | — | 7,52,986 |
| Shri A.M. Bafna | — | — | — | — |
| Shri Arun Mittal | — | — | — | — |
| Shri Sharad Malhotra | — | — | — | — |
| Shri Basant N. Singhvi | — | — | — | — |

* The above remuneration does not include contribution to Gratuity Fund but includes contribution to Public Provident Fund as per Company's rule.

III) AUDIT COMMITTEE:

- A) The Board of Directors has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreements with Stock Exchanges and other relevant statutory/ regulatory provision. The audit Committee consists of three Directors.

| | | |
|----------------------|----------|--|
| Shri Sharad Malhotra | Chairman | Non-executive and Independent Director |
| Shri Arun Mittal | Member | Non-executive and Independent Director |
| Shri A.M. Bafna | Member | Non-executive |

Mr. Sharad Malhotra is a Chartered Accountant by profession. The Company secretary of the Company acts as the Secretary to the Committee.

- B) The Committee, in addition to other business reviews the quarterly (Unaudited) financial results, annual accounts submitting to the Board of directors. During the year 2004-05 the committee met four times. Members' attendance at the meetings were as follows:

| Name of the Audit Committee Member | Number of Meeting held | No. of Meeting Attend |
|---------------------------------------|---------------------------|--------------------------|
| Shri Sharad Malhotra | 4 | 4 |
| Shri Arun Mittal | 4 | 4 |
| Shri A.M. Bafna | 4 | 2 |

- C) At the invitation of the Company, representatives from various divisions of the Company, internal auditors, statutory auditors and executive officers & Company Secretary who is acting as Secretary to the Audit Committee also attend the Audit Committee Meeting to answer and Clarify queries raised at the Committee Meetings.

IV) REMUNERATION COMMITTEE:

The company has only one whole-time Director on the Board and whose appointment & remuneration has been fixed by Board in terms of resolution passed by the members at AGM dated 30th September 2004 and subject to approval of Central Government.