

Eighteenth Annual Report 2005-06

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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: info@coilomatic.com

Administrative Office

209, Hans Bhawan
1, Bahadur Shah Zafar Marg
New Delhi - 110 002
Ph. Nos: 011-23370390
Fax: 011-23370621

Registrars & Share Transfer Agents

INTIME SPECTRUM REGISTRY LTD.

A31, Third Floor, Near- PVR Cinema,
Naraina Industrial Area, Phase-1, **New Delhi – 110028.**
TEL: (011) 41410592-93-94 FAX: (011) 41410591
E-mail: delhi@intimespectrum.com

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NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Company shall be held on Friday, the 29th December, 2006 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 2006 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. Ashoke Mal Bafna, who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint Director in place of Shri. Sharad Malhotra, 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.

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

Date: 29th November, 2006
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 26-12-2006 to 29-12-2006 (both days inclusive).
3. 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.
4. Members are requested to notify the Company of any change in address in full with Pin code numbers.
5. 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.
6. Members/proxy-holders are requested to produce at the entrance the attached Admission Slip duly completed and signed for admission to the meeting hall.
7. 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

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

Date: 29th November, 2006
Place: Rewari

J.P. Lodha
Company Secretary



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have the pleasure in presenting the 18th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2006.

FINANCIAL RESULTS

	2005-06	(Rs. In lacs) 2004-05
Turnover	2,992.73	2,656.24
Other Income	37.21	39.31
Increase/(Decrease) in Stocks	(25.04)	(13.96)
TOTAL	3,004.90	2,681.59
Profit before Depreciation & Interest	213.29	295.02
Less: Interest	2.23	125.21
Gross Profit	211.06	169.81
Less: Depreciation	204.84	192.56
Profit Before Tax	6.22	(22.75)
Less: Provision For Tax (Including Deferred Tax)	5.98	(3.24)
Profit After Tax	0.24	(19.51)
General Reserve	50.67	70.18
Balance Carried to Balance Sheet	50.91	50.67

OPERATIONS

During the year under review, Gross sales of your Company increased 13.2% to Rs. 3465.96 lacs. As the prices of steel was steady over the last one year, the input cost of Raw Material remained the same. The Gross Profit for the year 2005-06 was Rs. 211.06 lacs as compared to the previous year which was Rs. 169.91 lacs, an increase by 24.2%

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. A.M Bafna and Mr. Sharad Malhotra, 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/Banks. The debts with ICICI Bank Ltd. have been assigned to Kotak Mahindra Bank Ltd. The Company has filed for One-time Settlement (OTS) application to all the Financial Institutions/Banks under the OTS scheme of Reserve Bank of India (RBI) for SMEs (refer Note 4(D) of Schedule 'N'). The Winding-up Petition in the Punjab and Haryana High Court, Chandigarh is still pending, and the 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 Current Financial Year 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 and Banks.

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

Place : Rewari
Date : 29th November, 2006



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 2006.

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

		2005-06	2004-05
Power & Fuel Consumption			
Electricity			
a) DHBVN Ltd. - Power Purchased (kwh)	Units	3,320,910	3,529,100
Total Amount	Rs. Lacs	133.62	141.24
Rate per Unit	Rs.	4.00	4.00
b) Captive Generation			
D.G. Sets (kwh)	Units	1,637,691	1,024,771
Total Amount (HSD)	Rs. Lacs	107.63	56.95
Rate per Unit	Rs.	6.57	5.56
Consumption per Unit of Production			
PRODUCT (Spring)			
Electricity - Total Units (kwh)		4,958,601	4,553,871
- kwh / MT of Product		1,472	1,391

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.
- Development of springs using higher wire diameter than its existing range by modification of its manufacturing process

(2) Benefits derived as a result of the above R & D:

- Retaining the market share for existing above springs.
- Development of new markets due to capability of manufacturing springs with higher range wire diameter.

(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.
- Improvising its present manufacturing facilities for attaining higher market share.

(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 improving material handling systems and reducing stage work-in-process.

(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)	
	2005-06	2004-05
Foreign Exchange Earnings	16,834,908	18,040,100
Foreign Exchange Outgo	8,943,001	1,653,210

for and on behalf of the Board

N.M. BAFNA
Managing Director

R.M. BAFNA
Wholetime Director

Place : Rewari

Date : 29th November, 2006



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						
Shri N.M. Bafna	5	4	Yes	None	None	1
Shri R.M. Bafna	5	5	Yes	None	None	3
Non-executive Directors						
Shri A.M. Bafna	5	4	Yes	None	None	None
Non-executive and Independent Directors						
Shri Arun Mittal	5	5	Yes	None	None	2
Shri Sharad Malhotra	5	3	Yes	None	None	None

1. Annual General Meeting held on 29th September 2005 at the Company's Registered office at Vill. Salawas, Post-Sangwari, Distt-Rewari-123401.
2. Five meeting of the Board of Directors were held during the year ended 31st March 2006. These were held on: -

1) 29.04.2005 2) 26.07.2005 3) 03.09.2005 4) 28.10.2005 5) 31.01.2006

2. DIRECTORS' REMUNERATION PAID / PAYABLE: (2005-06)

Name of Director	Remuneration paid during 2005-06 (All figures in Rs.)				
	Sitting Fees (Board Meeting)	Sitting Fees (Committee Meeting)	Salary & Perks	Commission	Total
Shri N.M. Bafna	NIL	NIL	NIL	NIL	NIL
Shri R.M. Bafna*	NIL	NIL	7,61,092	NIL	7,61,092
Shri A.M. Bafna	NIL	NIL	NIL	NIL	NIL
Shri Arun Mittal	NIL	4,000	NIL	NIL	4,000
Shri Sharad Malhotra	NIL	4,000	NIL	NIL	4,000

* 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 2005-06 the committee met five 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	5	4
Shri Arun Mittal	5	5
Shri A.M. Bafna	5	5

- 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.



However a Remuneration Committee of the Board was constituted on 28th April 2004. The Committee comprises of Three Non-executive Directors viz. Shri Basant N. Singhvi (Chairman), Shri Sharad Malhotra, and Shri Arun Mittal. There was no meeting held during year 2005-06.

Shri Basant N. Singhvi appointed as a Additional Director at the Board meeting held on 28.04.2004 and his office expired on 30.09.2004 at 16th AGM.

V. SHAREHOLDERS' GRIEVANCES AND SHARE TRANSFER COMMITTEE:

The Board has constituted a Share Transfer & Shareholders / Investors Grievance Committee to approve the Share Transfer, Transmission, Transposition of Name, issue of Split / Duplicate Certificates and to review the status report on redressal of Shareholder and investor complaints received by the company / Share Transfer Agents.

Composition, Name of Members and Chairman

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

Name and Designation of Compliance Officer: Shri J.P Lodha (Company Secretary)

During the Year 38 complaints/ Letters received from the shareholders, were resolved / replied. As on 31.03.2006 there was 3 pending complaints/ Letters for more than 30 days. These are as follows:

1. Refund of application money.
2. Non-dematerialisation of equity shares due to misplaced during post that was made by Depository to Share Transfer Agent.
3. Non-receipt of shares after transfer.

VI. DETAILS OF ANNUAL GENERAL MEETINGS:

1. Location and time, where last AGMs held.

YEAR	LOCATION	DATE	TIME
2004-2005	REWARI	29.09.2005	11.30 A.M.
2003-2004	REWARI	30.09.2004	11.30 A.M.
2002-2003	REWARI	29.09.2003	11.30 A.M.

2. Whether special resolutions were put through postal ballot last year ? No
3. Are votes proposed to be conducted through postal ballot this year ? No

VII. DISCLOSURE:

- a) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- b) Disclosures on materially significant related party transaction i.e. transactions of the Company of material nature, with its promoters, Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large – The details are provided in Note no 14 of schedule – N as per the provisions of Accounting Standards 18.

VIII. CEO/CFO CERTIFICATION:

As required by the revised clause 49 of the listing agreement, the certificate duly signed by Shri N. M. Bafna, Managing Director and Shri R.M. Bafna, Whole time Director (in charge of finance function) was placed before the Board of Directors at their meeting held on 29th November 2006.

IX. SECRETARIAL AUDIT:

As stipulated by SEBI the Practicing Company Secretary carries out the Secretarial Audit to reconcile the total Admitted Capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total Issued and Listed Capital. This Audit is carried out every quarter and the report is submitted to the Stock Exchanges as well as placed before the Board of