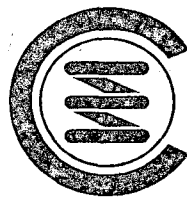


**19<sup>th</sup>**  
**ANNUAL REPORT**  
**2006-07**



*Coventry Coil-o-Matic (Haryana) Ltd.*



## CORPORATE INFORMATION

### Board of Directors

R.M. Bafna  
Wholetime Director  
A.M. Bafna  
Director

Arun Mittal  
Manoj Kumar Jain  
Director

### Board Committees

#### Audit Committee

Manoj Kumar Jain  
Arun Mittal  
A.M. Bafna

#### Share Transfer and Investors' Grievance Committee

Arun Mittal  
R.M. Bafna

### Company Secretary

J.P. Lodha

#### Auditors

#### SINGHI & CO.

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

#### Registered Office & Works

Vill- Salawas, Post- Sangwari,  
Distt- Rewari -123401 (Haryana)  
Phone Nos: 01274-249369 ~371  
Fax: 01274-249372  
Website: [www.coventrycoil.co.in](http://www.coventrycoil.co.in)  
e-mail: [info@coilomatic.com](mailto:info@coilomatic.com)

#### Bankers

Bank of India  
HDFC Bank Ltd

#### 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.

A40, 2nd Floor, Naraina Industrial Area,  
Phase-II, Near Batra Banquet Hall, **New Delhi – 110028.**  
TEL: (011) 41410592-93-94 FAX: (011) 41410591  
E-mail: [delhi@intimespectrum.com](mailto:delhi@intimespectrum.com)

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**NOTICE**

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the Company shall be held on Saturday, the 29<sup>th</sup> September, 2007 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 31<sup>st</sup> March 2007 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. Rajendra Mal Bafna, 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. Delisting of Shares

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

"RESOLVED THAT pursuant to the Guidelines issued by the SEBI namely (Delisting of Shares) Guidelines, 2003 as amended and subject to any other approval and permission of any other appropriate authorities as may be required, the Company be delisted from Ahmedabad Stock Exchange Ltd and Calcutta Stock Exchange Ltd.

RESOLVED FURTHER that the Board of Directors be and are hereby authorised to take all the necessary action and to do all other acts, things and deeds as necessary and required in the matter."

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

Date: 3<sup>rd</sup> September, 2007  
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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the registered office of the company not less than 48 hours before the commencement of the meeting. Members, who hold shares in Dematerialised form, are requested to bring their DP I.D. and Client I.D. for identification.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 25-09-2007 to 29-09-2007 (both days inclusive).
5. Members are requested to bring their copy of the Annual Report, as Copies of the Report will not be distributed again at the Meeting.
6. 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.
7. Members are requested to notify the Company of any change in address in full with Pin code numbers.
8. 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, so as to reach at least 10 days before the date of meeting to enable the Management to keep the information ready.
9. Members/proxy-holders are requested to produce at the entrance the attached Admission Slip duly completed and signed for admission to the meeting hall.
10. All documents referred to are open for inspection at the Registered Office of the Company during Office hours on any working days.

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

Item No. 4

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 & Calcutta Stock Exchanges.

To avoid unnecessary costs of listing on the two 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 two 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: 3<sup>rd</sup> September, 2007  
Place: Rewari

J.P. Lodha  
Company Secretary

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## DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have the pleasure in presenting the 19<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2007

### FINANCIAL RESULTS

	<u>2006-07</u>	<u>2005-06</u>
Turnover	3,401.96	2,992.73
Other Income	56.27	37.21
Increase/(Decrease) in Stocks	20.51	(25.04)
TOTAL	3,478.74	3,004.90
Profit before Depreciation & Interest	223.03	213.29
<u>Less:</u> Interest	2.25	2.23
Gross Profit	220.78	211.06
<u>Less:</u> Depreciation	219.00	204.84
Profit Before Tax	1.78	6.22
<u>Less:</u> Provision For Tax (Including Deferred Tax)	14.34	5.98
Profit After Tax	(12.56)	0.24
General Reserve	50.91	50.67
Balance Carried to Balance Sheet	38.35	50.91

(Rs. In lacs)

### OPERATIONS

During the year under review, Gross Sales of your Company increased by 13.1% to Rs.3921.34 lacs. As the prices of steel was steady over the last one year, the input cost of Raw Material reduced marginally. The Gross Profit for the year 2006-07 was Rs.220.85 lacs as compared to the previous year which was Rs.211.06 lacs, an increase of 4.6%

### 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

Shri N.M. Bafna expressed his unwillingness for his re-appointment as Managing Director and also Director of the Company and tendered his resignation effective 28.03.2007. The Directors would like to place on record their sincere appreciation for the valuable services rendered by Shri N.M. Bafna during his tenure as Managing Director of the Company.

During the year under the report Shri Manoj Kumar Jain, FCA was appointed as additional Director on the Board of Directors of the Company to hold office up to the ensuing Annual General Meeting.

In terms of Article 136 of the Articles of Association of the Company, Shri R.M. Bafna, Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Brief resume of Shri R.M. Bafna Director is given in the Corporate Governance Report.

### 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.

The Qualifications given by the Auditors in their Audit Report read with notes given in the accounts give the reply of the said Audit Qualifications.

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

### **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

**ARUN MITTAL**  
Director

**R.M. BAFNA**  
Wholetime Director

Date: 3<sup>rd</sup> September, 2007  
Place: Rewari

**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 31<sup>ST</sup> MARCH 2007.

**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**

		2006-07	2005-06
<b>Power &amp; Fuel Consumption</b>			
Electricity			
a) DHBVN Ltd. - Power Purchased (kwh)	Units	3,247,360	3,320,910
Total Amount	Rs. lacs	134.18	133.62
Rate per Unit	Rs.	4.13	4.00
b) Captive Generation			
D.G. Sets (kwh)	Units	2,295,095	1,637,691
Total Amount (HSD)	Rs. lacs	161.09	107.63
Rate per Unit	Rs.	7.02	6.57
<b>Consumption per Unit of Production</b>			
PRODUCT (Spring)			
Electricity - Total Units (kwh)		5,542,455	4,958,601
- kwh / MT of Product		1,281	1,472

**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 springs using higher wire diameter than its existing range by modification of its manufacturing process.
- Development of Progressive Auto Suspension springs for better Ride-Comfort and improved handling of the cars on sharp corners at high speed.





- (2) Benefits derived as a result of the above R & D:
- Development of new markets due to capability of manufacturing springs with higher range wire diameter and improved Suspension systems.
- (3) Future plan of action:
- Increased efforts for increasing volume production of Door checker 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**

	2006-07	2005-06
Foreign Exchange Earnings	Rs. 29,771,987	Rs. 16,834,908
Foreign Exchange Outgo	Rs. 15,205,516	Rs. 8,943,001

for and on behalf of the Board

**ARUN MITTAL**  
Director

**R.M. BAFNA**  
Wholetime Director

Date: 3<sup>rd</sup> September, 2007

Place: Rewari



**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. Your Company continues to follow procedures, practices in conformity with the Code of Corporate Governance as outlined in clause 49 of the Listing Agreement.

**II. BOARD OF DIRECTORS****A) COMPOSITION OF THE BOARD:**

The Board of Directors comprises of four members, consisting of three Non-executive Directors who account for more than fifty percent of the Board's strength, which is in accordance with minimum requirement of the listing agreement. The Non-executive Directors are eminent professional, drawn from amongst persons with experience in business & industry, finance, law & public enterprises. However the Company did not have requisite numbers of Independent Directors from 28.12.2006 due to resignation of Shri Sharad Malhotra till 30.04.2007 when Shri Manoj Kumar Jain, FCA was appointed as Additional Director of the Company to hold the office till the conclusion of ensuing Annual General Meeting. The composition of the Board 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.		
<b>Executive Directors</b>						
- Sh. R.M. Bafna	5	5	Yes	None	None	2
<b>Non-executive Directors</b>						
Sh. A.M. Bafna	5	4	Yes	None	None	1
Sh. N.M. Bafna*	5	5	Yes	None	None	1
<b>Non-executive and Independent Directors</b>						
Sh. Arun Mittal	5	5	No	None	None	2
Sh. Sharad Malhotra**	4	2	No	None	None	None
Sh. Manoj Kr. Jain***	-	-	-	None	None	None

\* The office of Shri N.M. Bafna as Managing Director expired on 27.03.2007. Shri N.M. Bafna vide his letter dt. 20.03.2007 while expressing his unwillingness for his re-appointment as Managing Director/Director tendered his resignation effective 28.03.2007.

\*\* Shri Sharad Malhotra resigned from the Board on 28.12.2006.

\*\*\* Shri Manoj Kumar Jain, FCA appointed as Additional Director on 30.04.2007 to hold the office till the conclusion of ensuing Annual General Meeting.

1. Annual General Meeting held on 29<sup>th</sup> December 2006 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 31<sup>st</sup> March 2007. These were held on: -  
1) 28.04.2006 2) 31.07.2006 3) 31.10.2006 4) 29.11.2006 5) 27.01.2007



## B) DIRECTORS' REMUNERATION PAID / PAYABLE: (2006-07)

Name of Director	Remuneration paid during 2006-07 (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	8,30,135	NIL	8,30,135
Shri A.M. Bafna	10,000	4,000	NIL	NIL	14,000
Shri Arun Mittal	12,500	25,000	NIL	NIL	37,500
Shri Sharad Malhotra	5,000	16,000	NIL	NIL	21,000

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

## C) CODE OF CONDUCT:

The Board of Directors has already adopted the code of ethics & Business Conduct for the Directors and Senior Management Personnel. This Code is a Comprehensive code applicable to all Directors, Executive as well as Non-Executives and members of the Senior Management.

A Copy of the Code has been put on the Company's website [www.coventrycoil.co.in](http://www.coventrycoil.co.in)

The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration signed by the Whole Time Director & CFO in this regards is given below.

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the code of Ethics and Business Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2006-07.

R.M. Bafna  
(Whole Time Director & CFO)"

## 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. However the Company did not have requisite numbers of Independent Directors from 28.12.2006 due to resignation of Shri Sharad Malhotra till 30.04.2007, when Shri Manoj Kumar Jain, FCA was appointed as Additional Director of the Company to hold the office till the conclusion of ensuing Annual General Meeting. The audit Committee at present consists of three Directors as per detail below:

Shri Manoj Kumar Jain *	Chairman	Non-executive and Independent Director
Shri Arun Mittal	Member	Non-executive and Independent Director
Shri A.M. Bafna	Member	Non-executive
Shri Sharad Malhotra **	Chairman	Non-executive and Independent Director

The Company secretary of the Company acts as the Secretary to the Committee.

\* Shri Manoj Kumar Jain, FCA appointed as Additional Director on 30.04.2007 to hold the office till the conclusion of ensuing Annual General Meeting.

\*\* Shri Sharad Malhotra resigned from the Board on 28.12.2006.