

28th ANNUAL REPORT

2015-2016



Coventry Coil-o-Matic (Haryana) Ltd.

Coventry Coil o Matic (Haryana) Limited
CIN No. L74999HR1988PLC030370

Corporate Information

Board of Directors

Mr. R. M. Bafna , Executive Director
Mr. Arun Mittal, Director
Ms. Smriti Bafna, Director
Mr. Arun Kumar Chaturvedi, Additional Director

Board Committee

Audit Committee Mr. Arun Mittal, Chairman Ms. Smriti Bafna, Director Mr. R. M. Bafna, Director	Stakeholders Relationship Committee Mr. Arun Mittal, Chairman Ms. Smriti Bafna, Director Mr. R. M. Bafna
Nomination & Remuneration Committee Mr. Arun Mittal, Chairman Ms. Smriti Bafna, Director Mr. R. M. Bafna, Director Mr. Arun Kumar Chaturvedi, Additional Director	Registrar & Share Transfer Agents Link Intime India Private Limited. 44, Community Centre, 2 nd Floor, Naraina Industrial Area, Ph I, Near PVR, Nairana, New Delhi 110028 Ph.011-41410592-93-94, Fax 01141410591

Auditors Singhi & Co. Chartered Accountants 402-403, Pragati House, 47-48, Nehru Place, New Delhi 110019	Secretarial Auditors Siddiqui & Associates Company Secretaries D 49, Sarita Vihar New Delhi 110076
Registered Office: Vill. Salawas, Post Sangwari Distt. Rewari 123401 Haryana	Administrative Office 209, Hans Bhawan, 1, Bahadur Shah Zafar Marg, New Delhi 110002 Ph. 011 23370390; Fax 011 23370621

Chief Financial Officer : Mr. R. P. Verma

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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by the paperless compliances by the Companies and has issued circulars stating that allowing services of notice/documents including Annual Report can be sent by e mail to its Members. To support this green initiative of the Government in full measure, members who have not registered their e mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold the shares in physical form are requested to send the details of their e mail id to the Company or its Registrar & Share Transfer Agents Link Intime India Private Limited

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the Company shall be held on Saturday, the 24th September, 2016 at 11:30 a.m. at its Registered Office - Village: Salawas, P.O. Sangwari, Distt. Rewari - 123401 (Haryana), to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March 2016 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 Ms. Smriti Bafna, who retires by rotation, but being eligible, offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditors and to authorise the Board of Directors to fix their remuneration. Messrs Singhi & Co.,

To consider and if thought fit, to pass with or without modification, the following Resolution as an ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules 2014 (including statutory modification or re enactments thereof for the time being in force) appointment of Messrs Singhi & Co., (Firm's Registration No. 302049E), Chartered Accountants, as Statutory Auditors be and is hereby ratified and approved from the conclusion of this Annual General Meeting till the conclusion of forthcoming Annual General Meeting, on such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Atul Kumar Chaturvedi (DIN: 01759365), who was appointed as an Additional Director with effect from 30th May 2016 in accordance with the section 161 of the Companies Act 2013 and who holds office upto the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing appointment of Mr. Atul Kumar Chaturvedi (DIN: 01759365) as Director, be and is hereby appointed as Non Executive Independent Director of the Company liable to retire by rotation.”

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment for the time being in force) and the Companies (Appointment of Managerial Personnel) Rules 2014 and subject to Approval of Shareholders at Annual General Meeting, Mr. R. M. Bafna (holding DIN 00159855) be and is hereby appointed as Managing Director and CEO for a period of three years with effect from 01st August 2016 till 31st July 2019 on the terms and conditions including remuneration as per the following details, so as not to exceed the limits specified in schedule V of the Companies Act 2013 or any amendments thereto.

I. REMUNERATION

Salary Rs. 2,35,000/- per month

II. PERQUISITIES

Part A – Perquisites & Allowances



1. **Housing:** Rent Free furnished Accommodation or House Rent Allowance @50% of the Salary.
2. **Medical / Travel :** Reimbursement of Medical Expenses and/or Leave Travel Expenses (like fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself or Family subject to the condition that the total reimbursement shall not exceed one month's basic salary.
3. **Provident Fund Contribution:** Company's contribution to Provident Fund shall be as per Rules framed under the Company's relevant scheme.
4. **Gratuity :** Gratuity, as per rules of the Company
5. **Bonus :** Bonus (as per Company policy as applicable to all employees upto limit of 20% of the Basic Salary)
6. **Entertainment Expenses :** The Company shall pay actual entertainment and traveling expenses in connection with the Company's business
7. **Leave :** Leave with full pay or encashment thereof as per rules of the Company

Part B - Amenities

8. Use of Car as per Rules of the Company.
9. Use of Telephone/Mobile Phones as per general policy of the Company

III. OVERALL REMUNERATION

The aggregate of Salary and perquisites, in any corporate financial year shall not exceed the limits prescribed from time to time under sections 196 and 197 and other applicable provisions of the Companies Act 2013 read with Schedule V to the said Act as may for the time being in force.

IV. MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any financial year, Mr. R. M. Bafna shall be entitled to receive a total remuneration including perquisites, etc. not exceeding the ceiling limit as approved by the Remuneration Committee and Schedule V of the Companies Act 2013.

Presently as per Schedule V of the Companies Act 2013, Annual Minimum remuneration is Rs 30,00,000/- in our Company. This limit shall be doubled in case a special Resolution is passed in General Meeting.

V. OTHER TERMS & CONDITIONS

The appointment of Mr. R. M. Bafna as Managing Director will be terminable by giving two months notice, by either party as per the terms of appointment.

RESOLVED FURTHER THAT the Board of Director of the Company is further authorised to alter, vary and modify the said terms of appointment and/or remuneration in such manner as the case may be agreed to between the Board and Mr. R. M. Bafna within and in accordance with and subject to the limits prescribed in schedule V to the Companies Act 2013, including any amendment or statutory modification thereto for the time being in force.

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment for the time being in force) and the Companies (Appointment of Managerial Personnel) Rules 2014 and subject to Approval of Shareholders at Annual General Meeting, Ms. Smriti Bafna (holding DIN 06971191) be and is hereby appointed as Whole Time Director for a period of three years with effect from 01st August 2016 till 31st July 2019 on the terms and conditions including remuneration as per the following details, so as not to exceed the limits specified in schedule V of the Companies Act 2013 or any amendments thereto.

I. REMUNERATION**Salary Rs. 2,00,000/- per month****II. PERQUISITIES****Part A – Perquisites & Allowances**

1. **Housing:** Rent Free furnished Accommodation or House Rent Allowance @50% of the Salary
2. **Medical / Travel :** Reimbursement of Medical Expenses and/or Leave Travel Expenses (like fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself or Family subject to the condition that the total reimbursement shall not exceed one month's basic salary.
3. **Provident Fund Contribution:** Company's contribution to Provident Fund shall be as per Rules framed under the Company's relevant scheme.
4. **Gratuity :** Gratuity, as per rules of the Company.
5. **Bonus :** Bonus (as per Company policy as applicable to all employees upto limit of 20% of the basic salary)
6. **Entertainment Expenses :** The Company shall pay actual entertainment and traveling expenses in connection with the Company's business
7. **Leave :** Leave with full pay or encashment thereof as per rules of the Company

Part B - Amenities

8. Use of Car as per Rules of the Company.
9. Use of Telephone/Mobile Phones as per general policy of the Company

III. OVERALL REMUNERATION

The aggregate of Salary and perquisites, in any corporate financial year shall not exceed the limits prescribed from time to time under sections 196 and 197 and other applicable provisions of the Companies Act 2013 read with Schedule V to the said Act as may for the time being in force.

IV. MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any financial year, Ms. Smriti Bafna shall be entitled to receive a total remuneration including perquisites, etc. not exceeding the ceiling limit as approved by the Remuneration Committee and Schedule V of the Companies Act 2013.

Presently as per Schedule V of the Companies Act 2013, Annual Minimum remuneration is Rs 30,00,000/- in our Company. This limit shall be doubled in case a special Resolution is passed in General Meeting.

V. OTHER TERMS & CONDITIONS

The appointment of Ms. Smriti Bafna as Whole Time Director will be terminable by giving two months notice, by either party as per the terms of appointment.

RESOLVED FURTHER THAT the Board of Director of the Company is further authorised to alter, vary and modify the said terms of appointment and/or remuneration in such manner as the case may be agreed to between the Board and Mr. R. M. Bafna within and in accordance with and subject to the limits prescribed in schedule V to the Companies Act 2013, including any amendment or statutory modification thereto for the time being in force.

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

Date: 10th August, 2016

Place: Rewari

R. M. Bafna
Executive Director
DIN 00159855



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. A person can act as a proxy on behalf of Members not exceeding 10% of total share capital of the Company carrying voting rights. A Member holding more than 10% of total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. Corporate Members intending to send their representatives to attend the Meeting are requested to send to the Company a certified copy of resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business is annexed hereto.
5. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from 21st September 2016 to 24th September 2016 (both days inclusive).
6. Members are requested to bring their copy of the Annual Report, as Copies of the Report will not be distributed again at the Meeting.
7. 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.
8. Members are requested to notify the Company of any change in address in full with Pin code numbers.
9. 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.
10. Members/proxy-holders are requested to produce at the entrance the attached Admission Slip duly completed and signed for admission to the meeting hall.
11. All documents referred to are open for inspection at the Registered Office of the Company during Office hours on any working days.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents Link Intime India Private Limited.
13. Voting through electronic means
As per Sections 107 and 108 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, facility is provided to the Shareholders for e-Voting through CDSL to enable them to cast their votes electronically on the resolutions mentioned in the Notice of the 28th Annual General Meeting dated 10th August, 2016. The detailed process, instructions and manner for availing e-Voting facility is shown elsewhere in this Annual Report. The e voting shall remain open from 21st to 23rd September 2016. The Company has fixed 19th August, 2016 as a cut-off date to record the entitlement of the Shareholders to cast their votes electronically at the 28th Annual General Meeting. The Company has appointed Mr. K O Siddiqui, Company Secretary of Siddiqui & Associates, Company Secretaries, New Delhi, as scrutinizer for the purpose of e voting for this Annual General Meeting.

Explanatory Statement

(Pursuant to Section 102 of the Companies Act, 2013)

As required by Section 102 of the Companies Act, 2013, (hereinafter referred to as "the Act") the following Explanatory Statements set out all material facts relating to the business mentioned under Item Nos. 4 to 6 of the accompanying Notice dated 10th August, 2016.

Item No. 4

The Board of Directors have appointed Mr. Atul Kumar Chaturvedi (DIN: 01759365) as an Additional Director with effect from 30th May 2016 in accordance with the section 161 of the Companies Act 2013 and who holds office upto the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing appointment of Mr. Atul Kumar Chaturvedi (DIN: 01759365) as Director, be and is hereby appointed as Non Executive Director of the Company liable to retire by rotation.

Mr. Atul Kumar Chaturvedi is not disqualified from being appointed as a Director in terms of Companies Act 2013 and has consented to act as Director. The Board considers it desirable to avail the expertise and guidance of

Mr. Atul Kumar Chaturvedi on the Board and recommends her appointed.

The Board commends the Resolution at Item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution at Item No. 4 of the Notice.

Item No. 5

In terms of the Companies Act 2013, the Managing Director is an individual who, subject to the superintendence, control and directions of Board of Directors, is entrusted with the power of management of the whole or substantially the whole, of the affairs of the Company. The appointment of Managing Director is subject to approval of shareholder in General Meeting to be held immediately after the date of such appointment.

Mr R. M. Bafna, aged 64 years, holding Bachelor's degree in Commerce, Managing Director & CEO of the Company is having 35 years of vast experience at various Managerial Positions, out of these 35 years he spent almost 20 years in the present Company as Executive Director. He was appointed as Whole Time Director in this Company in 1996. During these 20 years he has contributed to the growth and progress of the Company.

The appointment of Mr. R. M. Bafna was approved at the Meeting of Board of Directors held on 06th June 2016. Earlier the appointment was also approved by Nomination & Remuneration Committee of the Company. The appointment was approved for a period of three years with effect from 01st August 2016 on the terms and conditions set out set out in the Resolution of Item No 5 of the accompanying Notice. The details as stated in the Resolution as aforesaid may be treated as information under section 190 of the Companies Act 2013.

The approval of shareholders is sought pursuant to the provisions of sections 196 and 197 of the Companies Act 2013 read with schedule V thereto, for the above appointment of Mr. R. M. Bafna as Managing Director & CEO of the Company and payment of remuneration him.

A copy of the Resolution passed by the Board of Directors at its meeting held on 10th August 2016 is available for inspection of members during business hours on all working days at the registered office of the Company.

The Board of Directors recommend passing of Resolution as sent out in Item No 5 of the notice. None of the Directors or Key Managerial Personnel or their respective relatives, except Ms. Smriti Bafna are, in any way, concerned or interested in the said Resolution.

Item No. 6

In terms of the Companies Act 2013, the Whole Time Director includes a Director who is in whole time employment of the Company. The appointment of Whole Time Director is subject to approval of shareholder in General Meeting to be held immediately after the date of such appointment.

Ms. Smriti Bafna, aged 57 years, holding Bachelor's degree, Whole Time Director of the Company is having 10 years of vast experience at various Managerial Positions, out of these 10 years she spent almost 2 years in administration in the present Company.

The appointment Ms. Smriti Bafna was approved at the Meeting of Board of Directors held on 06th June 2016. Earlier the appointment was also approved by Nomination & Remuneration Committee of the Company. The appointment was approved for a period of three years with effect from 01st August 2016 on the terms and conditions set out set out in the Resolution of Item No 4 of the accompanying Notice. The details as stated in the Resolution as aforesaid may be treated as information under section 190 of the Companies Act 2013.

The approval of shareholders is sought pursuant to the provisions of sections 196 and 197 of the Companies Act 2013 read with schedule V thereto, for the above appointment of Ms. Smriti Bafna as Whole Time Director of the Company and payment of remuneration him.

A copy of the Resolution passed by the Board of Directors at its meeting held on 10th August 2016 is available for inspection of members during business hours on all working days at the registered office of the Company.

The Board of Directors recommend passing of Resolution as sent out in Item No 6 of the notice. None of the Directors or Key Managerial Personnel or their respective relatives, except Mr. R. M. Bafna are, in any way, concerned or interested in the said Resolution.



MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS OVERVIEW

Coventry Coil-o-Matic (Haryana) Limited (CCHL) is one of India's leading integrated Spring solutions Company offering a comprehensive range of products and solutions catering to multiple industries. It is a leading manufacturer of Auto Suspension Springs as well as Power Brake Actuator Springs for Commercial Vehicles and is one of the leading market players in springs for other Industrial Applications. Business from the Auto Suspension Springs and Power Brake Actuator Springs accounted for more than 90% of the total turnover.

The Indian economy grew by 7.6% in the financial year (FY) 2015-16 as low oil prices and high income drove private consumption. The gross value added by manufacturing sector grew 9.5% against 5.5% in FY 2014-15. Tight monetary policy, supply side measures and low commodity prices brought in the inflation well under 5%. The outlook of Indian economy is very strong as low inflation, declining fiscal deficit, forecast for good rainfall and favourable government policies are likely to boost growth across all sectors of economy. The real GDP growth for the country is expected to be 7.6% or higher in FY 2016-17. (Source: RBI Monetary Policy Report)

INDUSTRY STRUCTURE & DEVELOPMENT

Passenger Vehicle Production:

There are two ways to look at the result. In one, the Industry has fallen short of what it set out to achieve and in another it has bettered the target.

The annual production target of 4.1 million passenger vehicle was missed by 18% and reached only 3.4 million. At the peak around 2011, the Industry was nearly 26% ahead of the projections. On the other hand, it has sold 27.91 million units cumulative in the last 10 years, as against the proposed 27.75 million units.

Commercial Vehicle Production:

The fortunes of commercial vehicle segment have fluctuated even more than that of passenger vehicle segment. For the first two years, the actual numbers stayed comfortably ahead of the projections. The downturn of 2008 soon pulled the industry down as economic growth came to a standstill in many sectors.

The commercial vehicle market then recovered in a jiffy, taking the production numbers to an all time high in 2011. At this point, nearly 900 thousand units were manufactured in the country, 43% higher than what was expected to be,

However, the market scenario changed drastically and numbers fell faster to the previous low of 2008. The segment recovery started almost a year ago but the final target of 890 thousand units was not achieved. At 783 thousand units produced in FY 2015-16, there was a shortfall of 12%.

The cumulative production from 2006-2016 stood at 7.1 million units, which is higher than the proposed 6.7 million units by almost 7%.

Two Wheeler Production:

Two wheeler segment was the only segment where both the annual production and cumulative production targets were missed, and that too by huge margins.

The annual production target was missed by 42% whereas the cumulative target was missed by 25%, Manufacturing 32.6 million two-wheelers annually was the target, but only 18.8 million were produced.

Total combined production in the 10 years from 2006 to 2016 was 142 million, as against the set target of 192 million units.

COMPANY PERFORMANCE

Financial Performance:

During 2015-16, CCHL made good progress and had a growth of 8.65% over the 2014-15 and its Annual Turnover was Rs. 4978.24 lakhs over Rs. 4581.87 lakhs in 2014-15. It was mainly due to contribution from the 2-wheeler segment, which CCHL had entered. Although there was a positive growth, this could not be converted into profits (as explained below). The production in terms of Metric Tonnes was also increased by 7.37% to

4,087.87 MT.

With new Spring manufacturers coming into the Passenger Vehicle segment, thereby increasing huge competition, CCHL had to offer huge volume and cash Discounts to its Customers to retain and increase its Order Books. The Company's operations were under pressure to generate profits as this contributed to the Company's losses and put a lot of stress on its cash flow. Also with developing of new segment and to maintain quality and delivery schedules, there was high stress on internal efficiencies resulting in spurt in elevation of raw material and operational costs. Concerted efforts are being made to reduce and control the raw material and operational costs in the current fiscal.

New Product Development:

Because of high operational costs as explained above, CCHL was not able to adapt the new technology to increase its foray in the Front Suspension Springs for passenger cars and MUVs so as to further enable it to increase its presence in this segment again. However, with better control on its operational costs and reduction in raw material, the Company expects to start generating profits and be able to adapt the newer technology.

BUSINESS OUTLOOK AND OVERVIEW

As the Indian Economy is well endowed on a growth path and showing signs of increasing its GDP, as well as various steps taken by Government in the last one year to support the Industry, we expect the Auto Industry to perform well in fiscal 2016-17.

In this background, the Company would have to re-strategize its Business model and improve its production systems.

OPPORTUNITIES AND THREATS

In the existing domestic market, there exists an opportunity of increasing business shares through consistent delivery of quality and innovative new products. CCHL has already embraced innovation as a key initiative which will help in this.

The entry of Global OEM's in heavy commercial vehicle segment is likely to bring in a positive change in terms of product performance, reliability and safety. Your Company's leadership position in this segment will hold it in good stead.

In the competitive passenger vehicle segment, CCHL also has several threats. The new competition in the suspension industry is going to put pressure for developing competitive products with high performance, quality and longer life.

RISKS & CONCERNS

At the macro level, the following issues are of concern:-

- There has been substantial increase in terms of vehicles on the road with very slow growth in the infrastructure leading to traffic snarls and slower speeds which in turn could affect the future demand and thus slow down the growth of the automobile industry,
- Orders by the Apex Court banning registration of diesel passenger vehicles of 2000 cc and above and discontinuing registration of all diesel vehicles of more than 10 years in the Delhi NCR would affect the production and/or shelving of future plans for diesel vehicles.

At the Company level, the following are the risks and concerns:-

- Due to substantial rise in costs of all input materials leading to tightening of the liquidity position which may in turn stagnate growth, thereby impacting revenues and profits.

CCHL is best positioned to meet the challenge and will continue to have a leading competitive edge with its products and services available at world-class levels of Quality and Cost.

OPERATIONS REVIEW

(a) Quality Management

Towards its journey in reaching World Class levels, the Company has stressed focus in areas with key



deliverables under Quality Management by:-

- Reduction in Customer complaints.
- Reduction in breakdown time.
- Reduction in changeover time.
- Improvement in inventory turnover ratio.
- Improvement in housekeeping levels.
- Establishing Quality Systems.

The Company's certification for ISO/TS 16949:2002 and DIN EN ISO 9001:2000 continues to be valid.

(b) Energy Management

Under Energy Management, the main focus areas were:-

- Identification of avoidable energy losses.
- Quantification of losses.
- Recommendations for minimizing / eliminating the identified losses.
- Monitoring support in implementation.

(c) Cost Management

The main focus areas were:-

- Understanding its present cost structure.
- Identification of all costs.
- Classification in value-added and non-value added costs.
- Reduction and elimination of the non-value adding costs.

ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT

Under Environment, Health and Safety Management (EHS) the main focus areas were:-

- Training and education of employees to ensure that each employee meet their EHS obligations.
- Monitoring of all processes / systems for corrective and preventive measures through relevant techniques like Job Safety Analysis (JSA), Safety Audit etc.
- Documenting all programs and plans for continual improvement.

The Company's certification for DIN EN ISO 14000 and OHSAS 18001:1999 continues to be valid.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a robust internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss. The systems are supported by internal audit carried out by a professional audit firm, who carry out extensive audit throughout the year covering all areas of operation.

The audit committee reviews the finding of the internal auditors on regular basis.

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 continues to be very cordial indicating the prevalence of high degree of excellent relationship between employees and employers. The Company has also