



47th Annual Report
1998-'99

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COVENTRY SPRING & ENGINEERING CO. LTD.

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47th Annual Report

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47th Annual Report

Board of Directors

Sri. A. M Bafna	<i>Managing Director</i>
Sri S. V. Bamane	<i>Nominee Director SICOM Ltd.</i>
Sri N. M. Bafna	<i>Director</i>
Sri P. M. Bafna	<i>Director</i>
Sri S. Das	<i>Director</i>

Registered Office

23, Ganesh Chandra Avenue
Calcutta - 700 013

Works

N.H. 6 Alampur, Andul, Howrah

D-2, MIDC

Nagpur - 440 028

Auditors

S. S. Kothari & Company
Chartered Accountants

Bankers

State Bank of India

Registrar & Share transfer Agents

ABC Computers Private Limited
National Council of Education, Bengal.
Jadavpur University Campus,
Jadavpur, Calcutta - 700 032

COVENTRY SPRING & ENGINEERING CO. LTD.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF COVENTRY SPRING & ENGINEERING COMPANY LIMITED WILL BE HELD ON FRIDAY, AUGUST 6, 1999 AT 11:00 A.M. AT THE SEMINAR HALL OF M.P. BIRLA PLANETARIUM, 96, J. L. NEHRU ROAD, CALCUTTA 700 071 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Report of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri A. M. Bafna, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration. M/s. S. S. Kothari & Co. Chartered Accountants, the retiring Auditors are eligible for reappointment

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.
Resolved that pursuant to sections 198, 269, 309, schedule XIII and any other applicable provisions of the Companies Act, 1956, the Company hereby approves the appointment of Shri P. M. Bafna as whole time working Director of the Company for a period of 5 years with effect from 1st March, 1999 upon terms and conditions as set out in the agreement dated 13.02.99 entered into between the company and Shri P.M. Bafna, as placed before this meeting, duly initialed by the chairman for the purpose of identification.
5. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution :
Resolved that pursuant to the provisions of section 31 and other applicable provisions if any, of the Companies Act, 1956 ("the Act") the Articles of Association of the Company be and are hereby altered/amended in the manner and to the extent set out below :
 - i) Article 48 shall commence with the following insertion :
"In the absence of a nomination recorded in accordance with section 109A of the Act " and the first word in the first line "In" of the present article be read as "in" .
 - ii) Article 50 shall commence with the following insertion :
"In the absence of a nomination recorded in accordance with section 109 A of the Act, which shall in any event have precedence "and the first word in the first line "The" of the present article 50 shall be read as "the".

By Order of the Board of Directors
For **COVENTRY SPRING & ENGG. CO. Ltd.**

Calcutta
28th June, 1999.

A. M. BAFNA
MANAGING DIRECTOR

Registered Office :
23, Ganesh Chandra Avenue,
Calcutta - 700 013

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.
2. Proxies in order to be effective, must be received at the Registered office of the Company not less than 48 hrs. before the commencement of the meeting.
3. Explanatory statement of Material facts pursuant to section 173(2) of the Companies Act, 1956, for item no. 4 & 5 of the notice is annexed hereto.
4. Pursuant to Section 205A (as amended) of the Companies Act, 1956, all unclaimed dividend upto the Financial year ended March 31, 1994 have been transferred to the General Reserve Account of the Central Government. Members who have not encashed the Dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, 234/4, Acharya Jagdish Chandra Bose Road, Calcutta 700 020.
5. The register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 23, 1999 to Friday, August 6, 1999 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No. 4**

The Board of Directors of the company at its meeting held on 28th January, 1999 resolved to appoint Sri P. M. Bafna as a whole time director of the Company with effect from 1st March, 1999 upon the following terms and conditions as contained in the agreement dated 13.02.1999.

- I. Period of Agreement : Five years from the date of appointment.
- II. Remuneration :
 - Salary : Rs. 18000 - 1500 - 25500.
 - Commission : One percent of the Net profits of the company as computed in terms with Section 349 of the Companies Act, 1956.
- III. Perquisites :

Part - A :

- 1) Housing - I: The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceilings. :
 - (a) Mumbai, Calcutta, Delhi & Chennai, - 60% of the salary, over and above 10%, payable by you.
 - (b) Other places - 50% of the salary, over and above 10% payable by you.
 Housing - II : In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company.
 Housing - III : In case no accommodation is provided by the Company, the Whole time Working Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

 Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the Whole time working Director.
- 2) Medical Reimbursement: Expenses incurred for the self and the family subject to ceiling of 1 month's salary in a year or 3 month's salary over a period of 3 years.
- 3) Holiday passage for children studying outside India / family staying abroad : Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from their place of study or stay abroad to India, if they are not residing in India. This amount shall not be included in the computation of the ceiling on remuneration as laid down in schedule XIII of the Companies Act, 1956 as amended.
- 4) Leave Travel Concession: Return passage of self and family in accordance with the rules specified by the Company.
- 5) Club Fees: Fees of clubs subject to a maximum of 2 clubs. This will not include admission and life membership fees.
- 6) Personal Accident Insurance: Premium not to exceed Rs. 2000/- per annum.

COVENTRY SPRING & ENGINEERING CO. LTD.

Part - B :

- 1) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- 2) Gratuity : Not exceeding half a month's salary for each completed year of service, subject to a ceiling of Rs. 2,50,000/-

Part - C :

Provision of car for use on Company's business and telephone at residence will not be considered perquisites. Personal long distance calls and use of car for private purposes shall be billed by the company.

Memorandum of Interest:

Shri P. M. Bafna may be deemed to be interested in his appointment.

Also, Shri A. M. Bafna and Sri N. M. Bafna, Directors of the Company may be deemed to be interested in the aforesaid appointment by virtue of being relatives of Shri P. M. Bafna.

Item No. 5

As per the amendment in the Companies Act, 1956, with effect from 31.10.98 every holder of shares in the Company may at any time nominate in the prescribed manner, a person to whom his shares in the Company shall vest in the event of his death. It is therefore, necessary to amend Article 48 and Article 50, in the Articles of Association, as set out in the Resolution accordingly.

The Board commends this resolution for approval of the members at this meeting.

By Order of the Board of Directors
For COVENTRY SPRING & ENGG. CO. Ltd.

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Calcutta
28th June, 1999.

A. M. BAFNA
MANAGING DIRECTOR

Registered Office :
23, Ganesh Chandra Avenue,
Calcutta - 700 013

DIRECTORS' REPORT

Your Directors present the Forty Seventh Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	Current Year (Rs.)	Previous Year (Rs.)
Gross Turnover	29,23,85,090	37,21,66,137
Gross Profit before Depreciation and Tax	2,06,694	1,50,71,178
Less : Depreciation on Fixed Assets	79,34,293	74,05,441
Provision for Taxation	---	8,00,000
	<u>(77,27,599)</u>	<u>68,65,737</u>
Add : Surplus brought forward from previous year	1,19,92,325	61,26,588
	<u>42,64,726</u>	<u>1,29,92,325</u>
	=====	=====
APPROPRIATION :		
Transfer to General Reserve	---	10,00,000
Surplus Carried forwarded to next year	42,64,726	1,19,92,325
	<u>42,64,726</u>	<u>1,29,92,325</u>
	=====	=====

YEAR IN RETROSPECT :

The recessionary trend gained momentum during the year leading to an unprecedented worldwide downturn in the Automobile Industry during the first nine months of the fiscal under review. This not only had an adverse bearing on the Turnover of the Company including exports but also in financial performance of the Company in terms of extended credit periods to the Customers, and huge escalation in wages and cost of Power. As a result of which your Company booked Net Loss for the year under review.

During the year the Company has sold its Axle Brake Assembly unit at Jamshedpur at a Net Consideration of Rs.73.00 Lacs.

FUTURE OUTLOOK :

The increase in demand for the Company's products have been observed since February, 1999 which can contribute considerably towards achieving a higher turnover in the ongoing Fiscal than the year under review.

Besides, this the Calcutta (Andul) Unit of your Company has been additionally enlisted by the RDSO as an Approved Vendor for higher grade of Railway Springs, hitherto previously only the Nagpur plant was allowed to manufacture, thereby providing a substantial value and volume addition to the turnover of the Company.

ENQUIRY BY ENFORCEMENT DIRECTORATE :

Pursuant to the investigation by the Enforcement Directorate in respect of your Company's export transactions for alleged contravention of certain provisions of the Foreign Exchange Regulations Act, 1973, the Directorate had issued several Show Cause Notices to your Company and some of its Directors. Subsequent to that your Company had filed its replies and presented itself for personal hearing before the Adjudicating Authority. The Company is awaiting the order of the Adjudicating Authority.

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FIXED DEPOSITS :

Fixed Deposits are within the limits prescribed by the Companies (Acceptance of Deposit) Rules, 1975. Deposits of Rs. 65,000/= from 2 depositors which fell due for repayment before the close of the financial year remained unclaimed by the depositors as on March 31, 1999, which were subsequently repaid in full.

YEAR 2000 COMPLIANCE :

The potential impact of the millennium on the Company's operations has been examined and necessary steps have been taken to maintain business continuity without interruption of operations. The Management has ensured that there would be no material impact caused by the Y2K as all the hardwares and softwares used by your Company have been made Y2K compliant.

PERSONNEL & INDUSTRIAL RELATIONS :

Your Company continues to accord top priority to Human Resources Development, by imparting proper training to its Supervisory and Managerial Staff. The staff and managers are encouraged regularly to attend seminars and training workshop organised by Trade Bodies and Institutes

The Company maintained good industrial relations in all the units of the Company.

INSURANCE :

The Assets of the Company are adequately insured.

DIRECTORS :

Sri S. V. Bamane was nominated by SICOM Limited as a Non-Rotational Director of the Company.

Sri P. M. Bafna has been appointed as a whole time Director of the Company with effect from 1st March, 1999.

Sri A. M. Bafna retires by rotation and is eligible for reappointment.

STATUTORY INFORMATION :

Information in accordance with Sub-Section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, have not been given since there were no employees whose particulars are required to be included in the report.

Information pursuant to Sub-Section 1(e) of Section 217 of the Companies act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure '1' to this report.

AUDITORS :

M/s. S. S. Kothari & Co., Chartered Accountants, the retiring Auditors of the Company, being eligible offer themselves for reappointment.

ACKNOWLEDGEMENT :

Your Directors wish to place on record their grateful thanks to the Financial Institutions, Banks, Staff & Employees, Customers, Suppliers & various Government Agencies for their valuable assistance and for the trust and confidence reposed in the Company by the Shareholders.

For & On behalf of the board

Place : Calcutta
Dated : 28th June, 1999

A.M. BAFNA
MANAGING DIRECTOR

ANNEXURE "1" TO DIRECTORS' REPORT :

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the 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 st March, 1999.

A. CONSERVATION OF ENERGY

The company has been giving utmost emphasis and high priority to energy conservation. Optimum use of energy is insured by close monitoring of energy consuming equipments, optimising use of power and close liaison between Energy Centre and Consuming Points and also through constant development of furnace design and replacing inefficient ones with energy efficient designs, in addition to :

- i) Reduced idle running of equipments.
- ii) Using a suitable blend of HSD & LDO for Diesel Generating Sets.
- iii) Upgradation of CNC machine for coiling to reduce tool down times.
- iv) Replacement of Electric Driven machine with Pneumatic devices.
- v) Realignment of existing machines to ensure proper flow of work.

The Company shall continue with its efforts in reduction of energy consumption.

Total energy consumption and Energy Consumption per unit of production as per Form A in respect of Industries Specified in the schedule thereto :

	1998-99	1997-98
(A) POWER & FUEL CONSUMPTION		
1. ELECTRICITY		
a) Purchased		
Units (Kwh) (In lacs)	28.04	29.33
Total Amount (Rs. lacs)	116.11	119.86
Rate per unit (Rs.)	4.14	4.09
b) Own Generation (D.G.Sets)		
Units (Kwh) (In lacs)	1.43	2.11
Total Amount (Rs. lacs)	5.98	13.63
Rate per unit (Rs.)	4.18	6.46
2. COAL		
Total Tonnes	-	-
Total Cost (Rs.)	-	-
Average Tonnes	-	-
3. FURNACE OIL AND OTHER OIL		
Quantity (KL)	2930.49	2951.73
Total Cost (Rs.lacs)	244.53	214.98
Average / Kilo Ltrs. (Rs.)	8344.34	7283.19
4. OTHER INTERNAL GENERATION		
Steam Purchased	-	-
Quantity (Tonnes)	-	-
Total Cost (Rs. lacs)	-	-
Average / Tonnes (Rs.)	-	-
(B) CONSUMPTION PER UNIT OF PRODUCTION		
(i) PRODUCT (Spring & Piston Rods)		
Electricity Units	2.56	2.83
Coal Kgs.	-	-
Furnace & Other Oil (Lts.)	2.58	2.93
(ii) PRODUCT (Brake assembly & Shoe Lining)		
Electricity Units	10.55	3.9
Coal Kgs.	-	-
Furnace & Other Oil (Lts.)	1.43	-