

48th 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>

Company Secretary

Sri. L. Agarwal

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

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF COVENTRY SPRING & ENGINEERING COMPANY LIMITED WILL BE HELD ON FRIDAY, SEPTEMBER 22, 2000 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, 2000 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 P. 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 reappointment of Shri A. M. Bafna as Managing Director of the Company for a period of 5 years with effect from 1st July, 2000 upon terms and conditions as set out in the agreement entered into between the company and Shri A.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 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 reappointment of Shri N. M. Bafna as whole time Director of the Company for a period of 5 years with effect from 1st July, 2000 upon terms and conditions as set out in the agreement entered into between the company and Shri N.M. Bafna, as placed before this meeting, duly initialed by the chairman for the purpose of identification.

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By Order of the Board of Directors

For COVENTRY SPRING & ENGG. CO. LTD.

Calcutta
July 28, 2000

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

L. AGARWAL
COMPANY SECRETARY

COVENTRY SPRING & ENGINEERING CO. LTD.

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 Thursday, September 14, 2000 to Friday, September 22, 2000 (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 resolved to reappoint Shri A. M. Bafna as Managing Director of the Company with effect from 1st July, 2000 upon the following terms and conditions :

- | | | |
|------|---------------------|--|
| I. | Period of Agreement | : Five years from the date of appointment. |
| II. | Remuneration | |
| | Salary | : 22500 - 1500 - 28000 |
| | Commission | : One percent of the Net Profit 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 Managing 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 Managing 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) Leave Travel Concession : Return passage of self and family in accordance with the rules specified by the Company.
- 4) Club Fees : Fees of Clubs subject to a maximum of 2 clubs . This will not include admission and life membership fees.
- 5) Personal Accident Insurance : Premium not to exceed Rs. 2000/- per annum.

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. 3,50,000/-

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 A.M. Bafna may be deemed to be interested in his appointment.

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

Item No. 5.

The Board of Directors of the company resolved to reappoint Shri N. M. Bafna as whole time Director of the Company with effect from 1st July, 2000 upon the following terms and conditions :

- | | | | |
|------|---------------------|---|--|
| I. | Period of Agreement | : | Five years from the date of appointment. |
| II. | Remuneration | : | |
| | Salary | : | 22500 - 1500 - 28000 |
| | Commission | : | One percent of the Net Profit 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. Leave Travel Concession : Return passage of self and the family in accordance with the rules specified by the Company.
4. Club Fees : Fees of Clubs subject to a maximum of 2 clubs . This will not include admission and life membership fees.
5. Personal Accident Insurance : Premium not to exceed Rs. 2000/- per annum.

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. 3,50,000/-

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 N.M. Bafna may be deemed to be interested in his appointment.

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

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

Calcutta
July 28, 2000

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

L. AGARWAL
COMPANY SECRETARY

COVENTRY SPRING & ENGINEERING CO. LTD.

DIRECTORS' REPORT

Your Directors present the Forty Eighth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS.

	Current year (Rs.)	Previous year (Rs.)
Gross Turnover	28,38,16,117	29,23,85,090
Gross Profit/(Loss) before Depreciation and Tax	(2,26,08,957)	2,06,694
Less : Depreciation on Fixed Assets	78,42,300	79,34,293
	(3,04,51,257)	(77,27,599)
Net Profit /(Loss)	42,64,726	1,19,92,325
Add : Surplus brought forward from previous year		
	(2,61,86,531)	42,64,726

APPROPRIATION /ADJUSTMENT :

Adjusted with General Reserve	2,61,86,53	
Surplus Carried forwarded to next year		42,64,726
		42,64,726

YEAR IN RETROSPECT :

Margins of the Company were under severe pressure, during the year under review predominantly on account of higher fuel cost, which has a major contribution towards the production costs of the Company and also due to competition from unorganised sectors. The higher fuel costs had a cascading effect on the profitability of the Company, as it led to substantial rise in transportation costs as well.

With higher financial burden leading to increased finance costs and a bad debt write off of Rs. 55,72,295/-, the Company ended the year with a loss of Rs. 2,61,86,531/-

FUTURE OUTLOOK :

The overseas demand for the Company's line of products has witnessed a substantial increase during the Current Year. Besides, the company has undertaken concrete steps to control consumption of fuel at various stages of production. Effective cost control measures have been implemented at various levels and the company is hopeful of posting a higher turnover and better margins in the Current Year.

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. The Company had filed its replies and presented itself for personal hearing before the Adjudicating Authority.

Subsequently, a penalty of Rs.4,05,000/= was charged by the Adjudicating Authority which has since been paid.

FIXED DEPOSITS :

Fixed Deposits are within the limits prescribed by the Companies (Acceptance of Deposit) Rules, 1975. Deposits of Rs 21,000/= from a depositor which fell due for repayment before the close of the financial year remained unclaimed by the depositor as on March 31, 2000.

IMPACT OF YEAR 2000 PROBLEM :

The Company successfully rolled over Y2K and no material costs were incurred by the Company in the process.

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 to attend seminars and training workshops 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 :

Shri A.M. Bafna has been re-appointed as Managing Director of the company with effect from 1st July, 2000.

Shri N.M. Bafna has been reappointed as Wholetime Director of the company with effect from 1st July, 2000.

Shri P. M. Bafna retires by rotation and is eligible for re-appointment.

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.

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For & On behalf of the board

A.M. BAFNA
MANAGING DIRECTOR

Place : Calcutta
Dated : 28th July, 2000

COVENTRY SPRING & ENGINEERING CO. LTD.**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,2000.

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, optimum use of power and close liasion between energy centre and consuming points and also through constant development of furnace design and replacing inefficient ones with energy efficient design ones, in addition to :

- 1) Reduced idle running of equipment.
- 2) Using a suitable blend of HSD and LDO for diesel generating sets.
- 3) Replacement of electric driven machines with pneumatic devices.
- 4) Realigning of existing machines to ensure proper flow of work.

The company shall continue with its effort in reduction of energy consumption.

Particulars of Total energy consumption and energy consumption per unit of production as per form "A" :

	1999-2000	1998-99
(A) POWER & FUEL CONSUMPTION		
1 ELECTRICITY		
a) Purchased		
Units (Kwh) (In lacs)	28.71	28.04
Total Amount (Rs. lacs) *	120.32	116.11
Rate per unit (Rs.)	4.19	4.14
b) Own Generation (D.G.Sets)		
Units (Kwh) (In lacs)	1.48	1.43
Total Amount (Rs. lacs)	8.21	5.98
Rate per unit (Rs.)	5.55	4.18
2 COAL		
Quantity (Tonnes)	-	-
Total Cost (Rs.)	-	-
Average rate	-	-
3 FURNACE OIL		
Quantity (KL)	2340.207	2930.49
Total Cost (Rs.lacs)	252.89	244.53
Average / Kilo Ltrs. (Rs.)	10849.04	8344.34
4 OTHERS/INTERNAL GENERATION		
Quantity (Tonnes)	-	-
Total Cost (Rs. lacs)	-	-
Rate per Unit (Rs.)	-	-
(B) CONSUMPTION PER UNIT OF PRODUCTION		
(i) PRODUCT (Spring & Piston Rods)		
Electricity Units	2.47	2.56
Coal Kgs.	-	-
Furnace Oil (Lts.)	2.01	2.58
(ii) PRODUCT (Brake assembly & Shoe Lining)		
Electricity Units	-	10.55
Coal Kgs.	-	-
Furnace Oil (Lts.)	-	1.43

* Includes Demand charges