



**52nd Annual Report
2003-2004**



COVENTRY SPRING & ENGINEERING CO. LTD.

52nd Annual Report

Board of Directors

Sri A. M. Bafna	<i>Director</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
Kolkata - 700 013

Works

N.H. 6 Alampur, Andul, Howrah

D-2, MIDC

Nagpur - 440 028

Auditors

S. S. Kothari & Company
Chartered Accountants
Kolkata

Bankers

State Bank of India

Registrar & Share transfer Agents

MCS Limited
77/2A, Hazra Road
3rd & 5th Floor,
Kolkata - 700 029

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE 52ND ANNUAL GENERAL MEETING OF THE MEMBERS OF COVENTRY SPRING & ENGINEERING COMPANY LIMITED WILL BE HELD ON FRIDAY, DECEMBER 31, 2004 AT 12:00 P.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 2004 (6 Month Ended) 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 a Special Resolution :

Resolved that pursuant to clauses under SEBI (Delisting of Shares) Guidelines, 2003, the company may get its shares delisted from Ahmedabad, Delhi and Kolkata Stock Exchanges.

Kolkata,
October 29, 2004

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

Registered Office :
23, Ganesh Chandra Avenue,
Kolkata - 700 013.

A.M.BAFNA
DIRECTOR

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 pursuant to section 173(2) of the Companies Act, 1956, for item no.4 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, 1996 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, Kolkata 700 020.
5. The register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, December 22, 2004 to Friday, December 31, 2004 (both days inclusive).

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

The shares of the Company are listed on Ahmedabad, Kolkata, Delhi and Mumbai Stock Exchange. With the recent changes in Capital Markets scenario in India, the Regional Stock Exchanges have seen a drastic fall in trading. Further, the shares of our Company have a negligible trading on the Regional Stock Exchanges, where the shares of the Company are listed i.e. Ahmedabad, Delhi & Kolkata Stock Exchanges.

As per the clauses of the SEBI (Delisting of Shares) Guidelines, 2003 the Company which is listed under a National Stock Exchange such as BSE or NSE can go for delisting of its shares from other Stock Exchange on which it is listed. As the shares of our Company are already listed with BSE, we can get our shares delisted from other three Regional Stock Exchanges. The Company can thereby remove the costs of listing on the three Regional Stock Exchanges This will require passing of a special resolution at the ensuing General Meeting of the Company.

The resolution is placed before the members for their approval.

Kolkata,
October 29, 2004

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

Registered Office :
23, Ganesh Chandra Avenue,
Kolkata - 700 013.

A.M.BAFNA
DIRECTOR

COVENTRY SPRING & ENGINEERING CO. LTD.**DIRECTORS' REPORT**

Your Directors present the 52nd Annual Report and the Audited Accounts of the Company for the 6 months ended 31st March, 2004.

FINANCIAL RESULTS.

	Current year (6 months)(Rs.)	Previous year (18 months)(Rs.)
Gross Turnover	5,73,98,348	22,19,19,036
Gross Profit/(Loss) before Depreciation and Tax	(2,95,81,350)	(4,92,25,194)
Less : Depreciation on Fixed Assets	28,06,233	96,91,110
Net Profit/(Loss)	<u>(3,23,87,583)</u>	<u>(5,89,16,304)</u>
APPROPRIATION :		
Balance Loss Carried Forward	<u>9,90,00,229</u>	<u>6,66,12,646</u>

YEAR IN RETROSPECT :

As reported in last Annual Report the company is in grave financial crisis. The crisis has further deepened due to absolute non-cooperation of our bank and other financial institutions. The Company in spite of having orders to the tune of 20 Crores is unable to fulfill them as it does not have the funds to procure raw materials for the purpose of production. Further the company's domestic as well as export turnover has gone down during the year under review.

The Company in order to implement certain restructuring measures were forced to extend the previous Financial Year by Six Months for which approval was taken from Registrar of Companies and hence the Annual Report and the Audited Accounts of the company were presented for 18 Month Ended 30th September, 2003. The AGM of that period was held on 31st March 2004 for which approval was taken from Registrar of Companies.

The 51st Annual General Meeting of the Company was adjourned Sine die by the Chairman after adoption of the Audited Balance Sheet of the Company as at 30th September, 2004 and the Profit & Loss Account for the year ended on that date and the Report of Board of Directors and Auditors thereon.

In order to revert back to the earlier accounting period of April to March, the Company has presented its Annual Report and the Audited Accounts of the Company for the Six Month Ended 31st March, 2004.

Although the Company has developed new parties and products over the years, lack of adequate Cash Reserves due to continued losses and denial of further Cash Assistance by Banks and Financial Institutions hampered the Company's prospect of posting a higher turnover and consequent improvement of its profitability. Cost control measures continued unabated as can be reflected in the enclosed financial statements, but were of little help in the light of the Company's falling turnover.

FUTURE OUTLOOK :

The Company has been incurring losses continuously for the last five years and the financial position of the company is going from bad to worse. The Company has received takeover notice u/s 29 of State Financial Corporation Act from SICOM Ltd and recall notice from State Bank of India as the Company could not pay their dues on time. Further the Company is finding it difficult to service the high rate of the interest being charged by SICOM and State Bank of India. In view of the above it has been decided to sell off the Nagpur unit along with goodwill as a going concern and appropriate the proceeds so received to pay off the dues of SICOM and State Bank of India. It has also been decided to sell the surplus land at Howrah to augment to working capital requirement of the Company. The Board is satisfied that it would be in the interest of the Company and its shareholders to sell the said undertakings as mentioned above and has proceeded accordingly by passing an ordinary resolution through Postal Ballet, for approval of the shareholders, the results of which were declared in the Extra-Ordinary General Meeting held on 15th December, 2003. The Company could not proceed with the above mentioned sale as the matter is pending before the Honorable High Court in Kolkata. The Company is all geared to take on recession, has Orders in hand worth Rs.20 Crores approximately and stands a good chance to turn around, but needs a life line in the form of additional finance from banks and institutions. The Company has taken up the matter with the authorities concerned and is confident of posting a better performance provided adequate finance are made available on a urgent basis.

REPORT U/S 23(A) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT 1985. (SICA)

Though the Company is not a Sick Industrial Company within the meaning of Clause (o) of Sub Section (1) of Section 3 of the SICA, but it has become potentially sick as per section 23(a) of SICA and hence the members are being informed that the Company has applied to the Board for Industrial and Financial Reconstruction in Form 'C' as per the Provision of section 23(l)(i) of the Sick Industrial Companies (Special Provision) Act, 1985 and also as per the Provision of Rule 36(l)(i) of the Board for Industrial and Financial Reconstruction Regulation, 1987, on 27.05.2004.

CORPORATE GOVERNANCE REPORT:

The Corporate Governance Report and Management Discussion & Analysis is enclosed herewith and Forms a part of this report duly certified by the Auditors as required under clause 49 of the Listing Agreement.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm the following in respect of the Audited annual accounts for the year ended 31st March, 2004 :

- i) that in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii) that such accounting policies as mentioned in the Schedules to the Accounts have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2004 and of the Loss of the Company for that period.
- iii) that proper and sufficient care has been taken 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 irregularities.
- iv) that the annual accounts have been prepared on a going concern basis.

LISTING :

The Company is listed with the Stock Exchanges at Ahmedabad, Delhi, Kolkata and Mumbai.

FIXED DEPOSITS :

Fixed Deposits are within the limits prescribed by the Companies (Acceptance of Deposit) Rules, 1975 and all deposits which matured during the year have been either paid off or renewed.

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 :

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

Sri N.M.Bhandari, Sri N.R.Mohnot, Sri A.S.Lodha were appointed as Additional Directors by the Board with effect from 9th September, 2003 and have vacated the office on the date of the 51st Annual General Meeting held on 31.03.2004.

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 :

The observations made by the Auditors in their Report are self-explanatory. There are, therefore, no further comments necessary under Section 217A(3) of the Companies Act, 1956.

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 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

A. M. BAFNA
DIRECTOR

N. M. BAFNA
DIRECTOR

Place : Kolkata

Dated : October 29, 2004

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 6 month ended 31st March, 2004.

A. CONSERVATION OF ENERGY

The company has been giving utmost emphasis and high priority to energy conservation. Optimum use of energy is ensured by close monitoring of energy consuming equipments, optimum 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 :

- 1) Reduced idle running of equipments.
- 2) Using a suitable blend of HSD & LDO for Diesel Generating Sets.
- 3) Replacement of Electric Driven machine with Pneumatic devices.
- 4) Realignment of existing machines to ensure proper flow of work.

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

Particulars of total energy consumption and energy consumption per unit of production as per Form "A" :

	2003-2004	2002-2003
(A) POWER & FUEL CONSUMPTION		
1 ELECTRICITY		
a) Purchased		
Units (Kwh) (In lacs)	9.10	21.81
Total Amount (Rs. lacs)*	42.55	111.35
		Rate per unit (Rs.)
	4.68	5.11
b) Own Generation (D.G.Sets)		
Units (Kwh) (In lacs)	0.15	1.05
Total Amount (Rs. lacs)	2.06	12.72
Rate per unit (Rs.)	13.73	12.11
2 COAL		
Total Tonnes	-	-
Total Cost (Rs.)	-	-
Average Tonnes	-	-
3 FURNACE OIL AND OTHER OIL		
Quantity (KL)	432.060	1563.964
Total Cost (Rs.lacs)	59.32	234.93
Average / Kilo Ltrs. (Rs.)	13729.57	15021.45
4 OTHERS / INTERNAL GENERATION		
Quantity (Tonnes)	-	-
Total Cost (Rs. lacs)	-	-
Average / Tonnes (Rs.)	-	-
(B) CONSUMPTION PER UNIT OF PRODUCTION		
(I) PRODUCT (Spring & Piston Rods)		
Electricity Units	2.46	0.70
Coal Kgs.	-	-
Furnace & Other Oil (Lts.)	1.14	0.50

* Including Demand Charges

B. TECHNOLOGY ABSORPTION :

(Disclosure of particulars with respect to Technology Absorption, Research & Development)

RESEARCH AND DEVELOPMENT (R & D) :

1. Specific areas in which R&D carried out by the Company :

- Development of new products / designs / processes / methods / tools, improvement of systems in existing products/ process.
- Testing & Certification of existing products for conformity to new Indian/International standards.
- Development of components in conjunction with OEM's.

2. Benefits derived as a result of above R & D :

- Indigenisation / Import substitution
- Cost reduction / Improved utilisation of material & energy.
- Technological upgradation.
- Enhancement in quality and service to the customers.
- Development of new designs in products and processes.
- Maintaining market leadership/Preparedness to counter competition in the changed liberalised environment.
- Reducing machine breakdown time.
- Reduction in environmental pollution.

3. Future Plan of Action :

- Continuation of the present work in R&D for introduction of new products and processes, improvement in the existing products and processes in various areas in which the Company is operating.
- Faster introduction of new products and processes.
- Strengthening infrastructure for R&D.
- Improving interaction with research / educational institutions.

4. Expenditure on R & D (Amount in Rupees) :

	2003-04	2002-03
(a) Capital	-	-
(b) Recurring	290501	1089380
(c) Total	290501	1089380
(d) Total R&D Expenditure as a percentage of total turnover	0.51%	0.49%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts in brief, made towards technology absorption, adaptation and Innovation :

- Training of personnel for exposure to the latest products/designs & manufacturing technologies.
- Participating in national/International conferences, seminars and exhibitions.
- Evaluation/adaptation/modification of imported designs/technologies to suit indigenous requirements, alternative materials/components.
- Analysing feedback from users to improve products & services.

2. Benefits derived as a result of the above efforts :

- Improvement in existing processes and product quality, performance, productivity, safety, product reliability and serviceability.
- Cost reduction.
- Import substitution
- Introduction of new products with indigenous know-how.
- Saving in Foreign Exchange.

3. The Company has not hitherto imported any technology. The Company has entered into a Technical Agreement with Rejna SpA, Italy to keep abreast with the latest innovations and upgrade technology to improve its competitive edge in India as well as in the export markets. No induction of technology from the technical partner has been made as yet.

C: FOREIGN EXCHANGE EARNINGS AND OUTGO :

i) The company is continuously exploring avenues to increase exports. Efforts are being made to develop new market and consolidate the existing ones by developing products conforming to international standards.

ii) Total Foreign Exchange earned and used :

Used	: Rs.28159
Earned	: Rs.3943628

COVENTRY SPRING & ENGINEERING CO. LTD.**REPORT ON CORPORATE GOVERNANCE**
(Pursuant to clause 49 of the Listing Agreement)

1. Your Company believes in Corporate Governance which provides a system of check and balances that ensures timely, transparent, and non discriminatory material, financial and managerial disclosures to all classes of share holders. Further it encourages the Board of Directors to exercise their fiduciary responsibility towards shareholders and demands that management shares all relevant information to the Board. Good board practices, transparent disclosure standards and empowerment of shareholders lie at the heart of good Corporate Governance followed by your Company.

2. BOARD OF DIRECTORS :
A) Composition of the Board.

Name of the Directors	Executive/non-executive/Independent	No. of Outside Directorship	
		Public	Private
Sri A. M. Bafna	Executive	1	-
Sri N. M. Bafna	Executive	1	1
Sri P.M. Bafna	Executive	1	2
Sri S. Das	Executive	-	1
Sri N. M. Bhandari *	Independent	-	-
Sri N. R. Mohnat *	Non-Executive	1	-
Sri A. S. Lodha *	Non-Executive	-	3

* Sri N.M. Bhandari, Sri N.R. Mohnot and Sri A.S. Lodha were appointed as additional directors on 9/9/03 and they have vacated the office on the date of the last AGM held on 31.03.2004. Further no new directors were inducted in the Board as the last AGM was adjourned Sine die.

B) Directors' Remuneration & Their Interest in the Company For 6 Months Ended 31.03.2004:

Name of the Directors	Executive/ Non-Executive/ Independent	Business Relationship with the co If any.	% of share Holdings	Sitting fees	Remuneration	Commission	Total
Sri A.M. Bafna	Executive	Nil	3.506	--	337754	--	337754
Sri N.M. Bafna	Executive	Nil	4.062	--	334508	--	334508
Sri P.M. Bafna	Executive	Nil	3.620	--	263130	--	263130
Sri S.Das	Executive	FD Holder	--	--	295020	--	295020
Sri N.M.Bhandari *	Independent	Nil	0.737	--	--	--	--
Sri N.R.Mohnot *	Non-Executive	Nil	0.183	--	--	--	--
Sri A.S. Lodha *	Non-Executive	Nil	--	--	--	--	--

* Sri N.M. Bhandari, Sri N.R. Mohnot and Sri A.S. Lodha were appointed as additional directors on 9/9/03 and they have vacated the office on the date of the last AGM held on 31.03.2004. Further no new directors were inducted in the Board as the last AGM was adjourned Sine die.

C) Attendance Record of Directors at the Board meeting Held For the Period 01.10.2003 to 31.03.2004 :

DATE : 11.10.03 18.10.03 31.10.03 31.01.04 23.02.04
PLACE : KOLKATA KOLKATA KOLKATA KOLKATA KOLKATA

Name of Director	No. of Board Meeting		Attended Last AGM
	Held	Attended	
Sri A.M. Bafna	5	5	Yes
Sri. N.M. Bafna	5	4	Yes
Sri P.M. Bafna	5	4	Yes
Sri S. Das	5	5	Yes
Sri N.M. Bhandari *	5	5	Yes
Sri N.R. Mohnot *	5	5	No
Sri A.S. Lodha *	5	3	No

* Sri N.M. Bhandari, Sri N.R. Mohnot and Sri A.S. Lodha were appointed as additional directors on 9/9/03 and they have vacated the office on the date of the last AGM held on 31.03.2004. Further no new directors were inducted in the Board as the last AGM was adjourned Sine die.

3. AUDIT COMMITTEE

The company has formed an Audit Committee comprising of the following Non-Executive Directors on 9th September, 2003 :

Name of Members	Designation
Sri N.M. Bhandari *	Member (Independent)
Sri N.R. Mohnot *	Member (Non-Executive)
Sri A.S. Lodha *	Member (Non-Executive)

* Sri N.M. Bhandari, Sri N.R. Mohnot and Sri A.S. Lodha were appointed as additional directors on 9/9/03 and they have vacated the office on the date of the last AGM held on 31.03.2004. Further no new directors were inducted in the Board as the last AGM was adjourned Sine die.

4. INVESTORS GRIEVANCE COMMITTEE :

The company has formed an Investors Grievance Committee comprising of the following Directors on 9th September, 2003 :

Name of Members	Designation
Sri N.M. Bhandari *	Member (Independent)
Sri N.R. Mohnot *	Member (Non-Executive)
Sri A.S. Lodha *	Member (Non-Executive)

* Sri N.M. Bhandari, Sri N.R. Mohnot and Sri A.S. Lodha were appointed as additional directors on 9/9/03 and they have vacated the office on the date of the last AGM held on 31.03.2004. Further no new directors were inducted in the Board as the last AGM was adjourned Sine die.

5. REMUNERATION COMMITTEE :

The company has four Wholtime Directors on the Board, whose appointment and remuneration has been fixed by the Board in terms of Resolution passed by the members. In view of this, no Remuneration Committee is required to be constituted.

Name and Designation of Compliance Officer : Sri P.M. Bafna - Director

During the year 13 Complaints/ Letters/Share Transfer application received from the Shareholders, were resolved / replied. As on 31.03.2004 there was no pending Complaints/ Letters/Share Transfer application.

6. DETAILS OF ANNUAL GENERAL MEETING :

(i) Location and Time, where last three AGMs held :

Year	Location	Date	Time
2002-2003	KOLKATA	31.3.2004	12 P.M
2001-2002	KOLKATA	18.9.2002	11 A.M
2000-2001	KOLKATA	27.9.2001	11 A.M

- (ii) Whether any Special Resolution has been passed in the previous 3 years? No.
 (iii) Whether any Special Resolution passed last year through Postal Ballot ? No.
 (iv) Whether any Special Resolution is proposed to be conducted through Postal Ballot? No.

7. DISCLOSURES :

- (i) Disclosures on materially significant related party transaction i.e.transactions of the company of material nature, with its Promoters, Directors on the Management, their subsidiaries or relative etc. that may have potential conflict with the interest of the company at large. The details are provided in Note no.23 Under Notes to the Accounts (SCHEDULE R) in accordance with the provisions of AS-18 the Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
 (ii) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, or any matter related to capital markets, during the last three years : None.

8. MEANS OF COMMUNICATION :

- (i) Half-yearly report sent to each household of shareholders : No
 (ii) Quarterly Results
 News papers wherein results normally published : Business Standard, Kalantar
 Any Website, where displayed : No
 Whether it also displays official news releases : No
 The presentations made to institutional investors or analysts : No
 Whether MD & A is a part of annual report or not : Yes