



# **AUROMA COKE LIMITED**

**13th ANNUAL REPORT 2005-2006**

## BOARD OF DIRECTORS

VIMAL KUMAR TULSYAN  
 RAJIV TULSYAN  
 SANJEEV K TULSYAN  
 PRASHANT TULSYAN  
 PUNIT JAIN  
 BINOD K SINGH  
 NAWAL KISHORE SINGH  
 VIBHA TULSYAN

*Chairman*  
*Managing Director*  
*Whole Time Director*  
*Whole Time Director*

## COMMITTEES

### Share Holders' Committee

Vibha Tulsyan, *Chairman*  
 Rajiv Tulsyan  
 Prashant Tulsyan

### Audit Committee

Punit Jain, *Chairman*  
 Binod K Singh  
 Nawal Kishore Singh

### Remuneration Committee

Binod K Singh, *Chairman*  
 Punit Jain  
 Nawal Kishore Singh

### Secretary and Compliance Officer

Vimal Kumar Taparia

### Registered Office

Suite no. 706, Shanti Niketan  
 8, Camac Street, Kolkata-700017

### Administrative Office

210, Shanti Bhawan  
 Bank More,  
 Dhanbad – 826 001

### Works

G.T.Road, Govindpur  
 Dhanbad – 828 109

### Auditors

A. K. More & Company  
 30, Jadunath Dey Road,  
 Kolkata - 700 012

### Bankers

State Bank of India

## Contents

Notice.....	1	Auditors' Report .....	14
Directors' Report.....	4	Balance Sheet .....	17
Management Discussion....	6	Profit & Loss A/C.....	18
Corporate Governance.....	7	Notes to the accounts .....	26
		Balance Sheet Abstract .....	32
		Cash Flow Statement.....	33

**NOTICE is hereby given that the 13<sup>th</sup> Annual General Meeting of the members of Auroma Coke Limited will be held at the Registered Office at Suite no. 706, Shanti Niketan Building, 8 Camac Street, Kolkata-700017 on Tuesday, 26th September, 2006 at 11 A. M. to transact the following business:**

**Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2006 and Profit & Loss Account for the year ended on that date and Report of the Directors and Auditors.
2. To appoint a Director in place of Nawal Kishore Singh who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

**Special Business**

4. To consider and if thought fit, to pass with or without modification the following resolution as a ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended, the company hereby approves the appointment of Shri Rajiv Tulsyan as the Managing Director of the Company for a period of Five years with effect from 01/01/2006 To 31/12/2010 on the terms and conditions, including expressly the remuneration and perquisites payable to him as Managing Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year, as set out here:-

- A. Basic Salary - @ 15000/- p.m (scale: 15000 – 1000 – 20000)
- B. House Rent Allowance - @ 7500/- p.m
- C. Entertainment Allowance - @ 1500/- p.m
- D. Transport Allowance - @ 1000/- p.m
- E. Perquisites - The following perquisites shall be allowed subject to ceiling of annual Salary.
  - (i) Housing I -The Expenditure by company on hiring unfurnished accommodation will be subject to the following ceilings -
    - (a) Bombay, Kolkata, Delhi and Madras Sixty percent of the Salary over and above ten percent payable by him.
    - (b) Other places - Fifty percent of the salary over and above ten percent payable by him.
  - Housing II - In case, the company owns the accommodation, It shall deduct ten percent of the salary.
  - Housing III - In case the company provides no accommodation, he shall be entitled to house rent allowance @50% of the salary.

**Explanation:** The expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall however be subject to a ceiling of ten percent of salary.

- (ii) **Medical Reimbursement** - Reimbursement of medical expenses actually incurred for self and family shall be subject to a ceiling of one month's salary in a year or three month's Salary over a period of three years.
- (iii) **Leave travel concession** - once in a year incurred in accordance with any rules specified by the company.
- (iv) **Club fees:** Fees of clubs subject to maximum of two clubs; this will not include admission and life membership fees.
- (v) **Personal accident Insurance** - Premium not to exceed Rs. 2,000 per annum.

**Explanation:** A, ' Family' means the spouse, the dependent children and dependent parents.

**F.** 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, Gratuity payable will not exceed half a month's salary for each completed year of service, subject to a ceiling of Rs. 5,00,000/-.

- G.** Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.
- H.** The appointment can be terminated by either side by giving 3 months notice in writing.

In the event of loss, absence or inadequacy of profits, the remuneration aforesaid will also be the minimum remuneration.

Report Junction.com

By Order of the Board

**Date:** 28<sup>th</sup> July, 2006

**Place:** Kolkata

**Vimal Taparia**  
Secretary

## **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME FOR COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. Register of members and share transfer books of the Company shall remain closed from Tuesday 19<sup>th</sup> September 2006 to 26<sup>th</sup> September 2006. ( both days inclusive )
4. Members are requested to notify immediately to the Company about the change in their addresses along with PIN Code Number.
5. Members are requested to bring their copy of Annual Report at the meeting.
6. The Company has paid the listing fee up to year 2006-07 to The Calcutta Stock Exchange Association Ltd., Bombay Stock Exchange Limited, The Stock Exchange-Ahmedabad and Jaipur Stock Exchange Ltd. Where the equity shares of the Company are listed.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

#### **Item no. 4**

Mr. Vimal Kr. Tulsyan resigned as Managing Director with effect from 01.01.2006. The Board of Directors appointed Mr. Rajiv Tulsyan as a Managing Director of the company for a period of five years w.e.f. 01.01.2006 to 31.12.2010 on the terms and conditions set out in the resolution, subject to approval of shareholders. Hence the ordinary resolution seeking approval of the shareholders. The resolution may be deemed to be abstract of terms and conditions of appointment.

All the directors except Shri Puneet Jain, Shri Binod Kumar Singh and Shri Nawal Kishore Singh may be deemed to be interested in the resolution.

By Order of the Board

Date : 28<sup>th</sup> July, 2006  
Place : Kolkata

/Vimal Taparia  
Secretary

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 13<sup>th</sup> Annual Report of the Company for the year ended on 31<sup>st</sup> March 2006.

### Financial Result

	For the year Ended 31 <sup>st</sup> March, 2006	For the year Ended 31 <sup>st</sup> March, 2005
	Rs. in lacs	Rs. in lacs
Profit before Depreciation and Interest	228.19	218.67
Interest	71.76	65.90
Depreciation	34.40	33.18
Profit before Tax	122.03	119.59
Provision for Income Tax	35.50	9.50
Provision for Fringe Benefit Tax	0.88	---
Deferred Tax (Net of Assets ) Provided/(written back)	(3.16)	36.56
Profit after Tax for the year	88.81	73.54
Surplus brought forward from previous year	138.17	64.63
Balance Carried over to Balance Sheet	226.98	138.17

### Operations

The Company has continued to post all round improvement in its performance during the year. The turnover during the year was Rs. 3953.56 lacs leading to the increase of 14.02% over the corresponding year comparable figure of sales of Rs. 3467.30 lacs.

### Outlook

The rising raw material prices has been a cause of concern for the company. Since the prices of finished goods, especially the LAMC has not increased accordingly in recent times. The supply of washed coal to IISCO Ltd. (Now SAIL -ISP), Burnpur since last 7-8 years is still continuing and is expected to continue in the near future which shall keep the company achieving the targets and improving the overall performance of the company. Further, as a major forward integration we are installing a Mini Blast Furnace with the help of Mecon Ltd., Ranchi and/or Anjaneya Consultancy Pvt. Limited, Jamshedpur which will further strengthen the position, performance and profitability of the company.

### Dividend

The Board has decided to plough back the entire profit generated during the year to conserve resources, enhancing the overall shareholders value.

### Allotment money in arrear

Your Company calls upon all erring shareholders to pay the allotment money immediately payable on their respective shareholding. In the interest of the shareholders, your Directors have waived the interest chargeable on delayed payment of allotment money.

### Directors

Mr. Nawal Kishore Singh, Mr. Puneet Jain and Smt. Vibha Tulsyan retires by rotation. Mr. Puneet Jain and Smt. Vibha Tulsyan have expressed their unwillingness to be reappointed. The board put on record their valuable guidance received during their tenure. Mr. Nawal Kishore Singh, being eligible offers himself for re-appointment.

Mr. Vimal Kumar Tulsyan resigned as a Managing Director of the Company with effect from 01.01.2006. The Board of Directors at their meeting held on 31.12.2005 appointed Mr. Rajiv Tulsyan as a Managing Director of the Company to hold office for a period of 5 years from 01-01-2006 to 31-12-2010 on terms and conditions set out in the resolution proposed in item no. 6 of the notice convening the Annual General Meeting, subject to the approval of shareholders in the AGM.

### Auditors

The observations of the Auditors in their Report on Accounts read with the relevant notes are self explanatory.

Messrs A. K. More & Co., statutory auditors, hold office up to the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re appointment.

**Employees**

The relations with employees and workers at all levels were harmonious during the year resulting in enhanced performance.

During the year, no employee of the Company was in receipt of remuneration exceeding the sum prescribed under Section 217 (2A) of the Companies Act, 1956. Hence, furnishing of particulars under the Companies (Particulars of Employees) Rules, 1975 does not arise.

**Conservation of energy and technology absorption and foreign exchange earning and outgo**

**Conservation of Energy** - The Coke Ovens are designed in such a way that considerable amount of energy is saved.

The products of the company are not covered by "The Companies (Disclosure of particulars in the report of Board of Directors Rules, 1988". Hence Form A is not applicable.

**Technology Absorption** - Research and Development

The Company has not carried out any research and Development activities during the year

**Technology absorption, adoption and innovation**

The present technology used in manufacture is Indigenous

**Foreign Exchange** - No foreign exchange earning and outgo took place during the Year

**Directors' responsibility statement**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed that

- i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2006, the applicable accounting standards have been followed;
- ii) Your directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the profit & loss of the company for the year under review.
- iii) That your directors have taken proper care 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;
- iv) Your directors had prepared the annual accounts on a going concern basis.

**Management Discussion and Analysis Report**

Pursuant to clause 49 of the Listing Agreement, a management discussion and analysis report is annexed hereto.

**Corporate Governance**

As required by the Listing Agreement, the Corporate Governance Report along with the certificate of Compliance from the Auditors is attached and form part of the Annual Report of which Report is also a part.

**Acknowledgement**

The management is grateful to its bankers, customers, suppliers, and shareholders for their continued assistance and co-operation.

The Directors also wish to place on record the concerted efforts and co-operation by all employees and workmen.

On behalf of the Board

Date: 28<sup>th</sup> July, 2006  
Place: - Kolkata

V. K. Tulsyan  
(Chairman)

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and Development

In 2005-06, the coal and coke industry had continued to do good business as done in the last year. The trend is expected to continue in the short term future also.

**Availability of raw material:** - The raw coal, a prime raw material for the company continued to be a scarce commodity and the industry resorted to import of the same. Hence, the raw coal will continue to play a crucial role in future profitability in coal and coke manufacturing units. Further, CIL has continued its policy for sale of raw coal from linkage basic allocation to e-auction. Industry has challenged the matter in various Courts and matter is pending till date. In case the verdict of the court goes against the industry, profit margin may be affected adversely.

Simultaneously the demand of coking coal and metallurgical coke is expected to rise. However due to volatile market conditions the situation remains unpredictable. In spite of such constraints the company expects to maintain the growth trend.

### Outlook

Numerous New Steel Plants have either come up or are in the process of being installed. Existing Steel Plant are also going for capacity expansion. Many new steel units have also expanded their presence in eastern region. As such the future of low ash metallurgical coke (LAMC) and washed coal looks good. Company also has decided to forward integrate in steel sector and appointed M/s Mecon and M/s Anjeneya Consultancy Jamshedpur as their consultants for providing the technology for putting up a Mini blast furnace .

Your company expects to achieve a turnover of Rs. 50 Crores in 2006-07. The profitability is also expected to rise.

### Financial Performance

Your Company has posted impressive results at all levels during the financial year 2005-06. The sales were up by 14.02% at Rs. 39.54 Crores taking the comparable figures of sales of last year of Rs. 34.67 Crores. The Profit before Tax and Profit after tax were up at Rs. 73.54 lacs and Rs. 88.81 lacs respectively.

### Internal Control System

The company has an adequate internal control system including suitable monitoring and procedures commensurate with its size and the nature of the business. The internal control system provide for all documented policies, guidelines and authorization and approval procedures. The Company has also internal audit in place, which carries out audits at suitable intervals.

### Human Resources

In the current business scenario, the need of human resource development is being felt as never before. The corporate of late started recognizing the importance of relationship with its human force. Given the above context, the importance of human resources is amply recognized by your Company. The least employee turnover ratio of your Company manifests the employees' satisfaction. Your Company provides employment to over 100 persons, directly or indirectly.

### Cautionary Note

Statement in this report describing the Company's objectives, projections, estimates, expectations and predictions may be forward looking statements. Actual results could differ materially from those expressed or implied due to variations in prices of raw materials, pricing in the company's principal markets, changes in government regulations, tax regimes, economic developments within India and other incidental factors.



## CORPORATE GOVERNANCE REPORT

### INTRODUCTION

Your Company has been practicing the principles of good Corporate Governance over the years.

The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency.

#### 1. Board of Directors

The Board of Directors of the Company comprised of eight directors as on 31.3.2006.

1. Shri Vimal K Tulsyan	Chairman
2. Shri Rajiv Tulsyan	Managing Director
3. Shri Sanjeev Tulsyan	Executive Director
4. Shri Prashant Tulsyan	Executive Director
5. Shri B. K. Singh	Non Executive, independent
6. Shri Punit Jain	Non Executive, independent
7. Shri N. K. Singh	Non Executive, independent
8. Smt. Vibha Tulsyan	Non Executive

#### Attendance of each director at the Board Meetings and last AGM

Twenty Board Meetings were held during the Financial Year 2005-06. The last A.G.M. of the Company was held on 30.9.2005.

Name of the Director	Category	Attendance		No. of	
		Directorship		in	other
companies		Board Meetings	Last AGM		
2 Shri Vimal K Tulsyan	Non Executive			19	Yes
Shri Sanjeev K Tulsyan	Executive	20	Yes		4
Shri Rajiv Tulsyan	Executive	18	Yes		2
Shri Prashant Tulsyan	Executive	19	Yes		2
Shri Binod Kumar Singh	Non Executive, independent	16	Yes		None
Shri Nawal Kishore Singh	Non Executive, independent	12	Yes		None
Shri Punit Jain	Non Executive, independent	06	NO		None
Smt. Vibha Tulsyan	Non Executive	05	NO		None

#### Number and the dates of the Board Meetings held during 2005-06

The Board Meetings were held Twenty times during the Financial Year 2005-2006 on 09.04.2005, 05.05.2005, 17.05.2005, 20.05.2005, 25.05.2005, 13.06.2005, 20.06.2005, 22.06.2005, 04.07.2005, 09.07.2005, 26.07.2005, 08.08.2005, 05.09.2005, 19.09.2005, 20.09.2005, 28.10.2005, 29.10.2005, 31.10.2005, 31.12.2005, 31.01.2006.

#### 2. Code of Business conduct for Board of Directors and Senior Management

The Board at a meeting held on 25.05.2005 has adopted a Code of Business Conduct for board members and senior Management. This code is equally applicable to all the board members whether executive or non executive and to the members of senior Management. This code is adopted for the effective and responsible conduct of the operations of the company and to reflect the responsiveness to the shareholders and other stakeholders of the company. Compliance to the above code is expected to be both in letters and in spirit.

The Code has been circulated to all the board members and to the senior Management of the Company and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director of the Company is given below:-

### **DECLARATION**

I hereby confirm that the company has obtained from all the board members and senior Management of the company, affirming that they have complied with the Code of Conduct Business Conduct for Board Members and Senior Management of the Company in respect of the financial year 2005-06.

Rajiv Tulsyan  
Managing Director

### **3 Board Committees**

#### **(a) Audit Committee**

Following is the composition of the Audit Committee as on 31.3.2006

Mr. Punit Jain                      Chairman  
Mr. Binod Kumar Singh  
Mr. Nawal Kishore Singh

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

### **Terms of Reference**

The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Following are some of brief terms of reference.

- i) Oversight of Company's financial reporting process.
- ii) Recommendation of appointment of auditors and their remuneration.
- iii) Review of financial statements.
- iv) Review of Internal Control System and internal audit function.
- v) Review with the management, quarterly financial statements
- vi) Reviewing with the management, performance of statutory auditors and internal auditors
- vii) Reviewing the adequacy of internal audit function

### **Attendance at the Audit Committee**

Four audit committee meetings were held during 2005-06 on 18.05.2005, 19.07.2005, 21.10.2005 and 24.01.2006

Name of member	Category	No. of Meetings
Shri Punit Jain	Independent	4
Shri Binod Kumar Singh	Independent	4
Shri Nawal Kishore Singh	Independent	4

### **Review of Informations by Audit Committee**

The audit committee reviewed the following informations :

- i) Management discussion and analysis of financial condition and results of operations
- ii) Statement of significant related party transactions submitted by management
- iii) Management letters/ letters of internal control weaknesses issued by the statutory auditors,
- iv) Internal audit reports related to internal control weaknesses