



**AUROMA COKE LIMITED**

**14th ANNUAL REPORT 2006-2007**

## **BOARD OF DIRECTORS**

VIMAL KUMAR TULSYAN  
RAJIV TULSYAN  
SANJEEV K TULSYAN  
PRASHANT TULSYAN  
BINOD SINGH  
NAWAL KISHORE SINGH

Chairman  
Managing Director  
While Time Director  
Whole Time Director

### **COMMITTEES**

#### **Share Holders' Committee**

Binod Kumar Singh - Chairman  
Rajiv Tulsyan  
Prashant Tulsyan

#### **Audit Committee**

Binod Kumar Singh, Chairman  
Nawal Kishore Singh  
Vimal Kumar Tulsyan

#### **Remuneration Committee**

Binod Kumar Singh, Chairman  
Nawal Kishore Singh  
Vimal Kumar Tulsyan

#### **Secretary and Compliance Officer**

Vimal Kumar Taparia

#### **Registered Office**

Suit No. 706, Shanti Niketan  
8, Camac Street, Kolkata - 700017

#### **Administrative Office**

210, Shanti Bhawan  
Bank More  
Dhanbad - 826001

#### **Works**

G. T. Road, Govindpur  
Dhanbad - 826001

#### **Auditors**

Agarwal Khemka & Associates  
30, Jadunath Dey Road,  
Kolkata - 700 012

#### **Bankers**

State Bank of India

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**NOTICE** is hereby given that the 14<sup>th</sup> Annual General Meeting of the members of Auroma Coke Limited will be held at the Registered Office of the Company at Suite no. 706, Shanti Niketan Building, 8 Camac Street, Kolkata-700017 on Saturday, 29th September, 2007 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 2007 and Profit & Loss Account for the year ended on that date and Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rajiv Tulsyan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjeev K. Tulsyan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

#### Special Business

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

"RESOLVED THAT pursuant to Section 149 (2A) of the Companies Act, 1956 approval of the company be and is hereby given for the commencement of all or any of the business more particularly the business of the iron & steel making as specified in object no. 7 to the Clause (IV) (C) OTHER OBJECTS of the Memorandum of the Company."

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

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 as also provisions of any other applicable law or laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements, entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, consents, permissions and sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI) and all other appropriate and/or concerned authorities, and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (Board) (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution) which the Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to be Board of Directors of the Company to issue, offer and allot in one or more tranches, to the Bodies Corporate whether incorporated in India or abroad Trusts, Mutual Funds, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not, through a Public Issue and/or on a private placement / preferential allotment basis, equity shares and/or any securities convertible into equity shares (hereinafter collectively referred to as "Securities") secured or unsecured through prospectus and/or offer letter and/or circular basis so, however that total amount raised/ to be raised through the aforesaid securities shall not exceed Rs. 50 Crores."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form, terms and timing of the issue(s), including the class of investors to whom the securities are to be allotted, issue price, face value, premium amount on issue/conversion of securities, rate of interest, period of conversion, listing on one or more Stock Exchanges in India as the Board in its absolute discretion deem fit and accept any modifications in the proposal as may be required by the authorities in such issues in India and/or abroad."

"RESOLVED FURTHER THAT such of these Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such a manner, as the Board may deem fit and as permissible by law."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of

Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Securities."

By Order of the Board

Date: 31<sup>st</sup> May 2007

Place: Kolkata

V. K. 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.**
3. Register of members and share transfer books of the Company shall remain closed from Monday 24<sup>th</sup> September 2007 to Saturday 29<sup>th</sup> September 2007. (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. 5**

Your Company intends to diversify into the business of iron & steel making in any form or variety, as the business of the iron & steel making is the logical forward integration movement for the coal and coke manufacturers. The coke forms an important raw material in the process of iron & steel making.

The Object No. 7 to the Clause (IV) (C) OTHER OBJECTS of the Memorandum of the Company contains interalia, the activities and objects pertaining to the metals including steel.

Section 149 (2A) of the Companies Act 1956 requires approval of the Company by way of special resolution for commencement of any business containing in the OTHER OBJECT Clause of the Memorandum of the Company. Therefore, your Directors seek your consent to the commencement of such business as mentioned in the 7 to the Clause (IV) (C) OTHER OBJECTS of the Memorandum of the Company.

A copy of the Memorandum of the Company is available for inspection by the members at the Registered Office of the Company.

None of the Directors of the Company are interested or concerned in passing of this resolution

Your Directors recommend the passing of the resolution.

### **Item No. 6**

In view of the expanding activities of the Company and to augment the working capital, it is proposed to enhance the equity share capital by issuing further shares on private placement basis or otherwise as the Board may determine, to the promoters and/ or other entities who may not be the existing shareholders of the Company.

Section 81 (1A) of the Companies Act 1956 requires approval of the Company by way of special resolution for further issue of equity shares to the persons other than its shareholders. Hence, your consent is sought by way of special resolution.

The Directors may be deemed to be interested in passing of this resolution to the extent of the equity share that may be allotted to them, to their relatives or to the bodies corporate in which they are member or director.

Your Directors recommend passing of the resolution.

Date : 31<sup>st</sup> May 2007  
Place : Kolkata

By Order of the Board  
V. K. Taparia  
Secretary



## **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 14<sup>th</sup> Annual Report of the Company for the year ended on 31<sup>st</sup> March 2007.

### **Financial Result**

	<b>For the year Ended 31<sup>st</sup> March, 2007 ( Rs. in lacs )</b>	<b>For the year Ended 31<sup>st</sup> March, 2006 ( Rs. in lacs )</b>
Profit before Depreciation and Interest	133.54	228.19
Interest	69.50	71.76
Depreciation	48.67	34.40
Profit before Tax	<b>15.37</b>	<b>122.03</b>
Provision for Income Tax	3.67	35.50
Provision for Fringe Benefit Tax	0.90	0.88
Provision for Income Tax for earlier year	0.85	Nil
Deferred Tax (Net of Assets) Provided/(written back)	(1.31)	(3.16)
Profit after Tax for the year	<b>11.26</b>	<b>88.81</b>
Surplus brought forward from previous year	226.99	138.17
Balance Carried over to Balance Sheet	<b>238.25</b>	<b>226.98</b>

### **Operations**

During the year under review, the Company had recorded sales of Rs. 3116 lacs as against Rs. 3954 Lacs in the previous year. The Profit before Tax was Rs. 15 lacs as against Rs. 122 lacs recorded in the previous year.

The financial performance of the Company remained subdued mainly for the following reasons: -

1. Non-availability of sufficient and suitable raw material and cost of the same has been cause of concern for the company.
2. The realization of the coke was lower in comparison to the last year.
3. The order for supply of washed coal to SAIL ISP (erstwhile IISCO Ltd.) has been completed. The further order from SAIL ISP is yet to be awarded. This has caused considerable loss of revenue for 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 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. Rajiv Tulsyan and Mr. Sanjeev K Tulsyan retire by rotation and being eligible, offer themselves for re-appointment.

### **Auditors**

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

During the year M/s A. K. More & Co., Chartered Accountants, was closed and they had resigned from the office of the Auditors of the Company. The Board appointed M/s Agarwal Khemka & Associates, Chartered Accountants to fill the casual vacancy. M/s Agarwal Khemka & Associates, Chartered Accountants hold the office of the Statutory Auditors until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for the appointment as Statutory Auditors.

### **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 Cokē 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    | - | <u>Technology absorption, adoption and innovation</u> The present technology used in manufacture is Indigenous                                                                                                                                                    |
| Research and Development | - | The Company has not carried out any research and development activities during the year                                                                                                                                                                           |
| 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, 2007, 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 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.

**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.

Date: 31<sup>st</sup> May, 2007  
Place: - Kolkata

On behalf of the Board  
V. K. Tulsyan  
(Chairman)



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure and Development**

The domestic coal & coke industry is facing huge competition from the international market, mainly from China and Australia, since the inherent quality of their coal is better than the indigenous coal. During the last year the coal and coke industry remained volatile. The domestic industry is facing acute shortage of sufficient and suitable raw coal mainly due to insufficient production and vulnerable Govt. policies. Further many major pig iron / steel producers have installed their captive coke oven plant based on the imported coal to reduce their input costs.

On the other hand there are several iron and steel industry coming up in near future, which should increase the demand of metallurgical coal and coke. The main coal and coke consuming industries are power plants, cement plants, sponge iron plants, chemical plants, iron and steel plants, most of which utilizes indigenous coal to some extent. The quality of most of the indigenous coal is not up to the mark and contains very high ash % causing more pollution. The ash content can be reduced by beneficiation / washing of coal. The demand of washed coal is expected to increase mainly because the pollution control norms are becoming more stringent day by day. The company is therefore hopeful of improving its performance in the existing year.

### **Opportunities and Threats**

#### **Opportunities**

1. Many blast furnaces / mini blast furnaces are under installation in the eastern part of India, which shall be requiring metallurgical coke, a product manufactured by our company, as their major raw material.
2. The Company is having a long-term linkage of coking coal to the tune of 17850 Metric Tons/ month from BCCL / CIL collieries. As the Government has stopped giving new linkages of coking coal in India, the Company will be in an advantageous position whenever there is a shortage of coking coal / coke in the domestic / international market and / or cost of imported coking coal increases.
3. The Govt. is strongly emphasizing on use of low ash washed coal instead of high ash ROM coal as a pollution control measure since the quality of majority of Indian coal is poor. This has enhanced company's chances of getting orders for supply of washed coal as very few coal washeries like that of our company are available in the region.

#### **Threats**

1. The company mainly procures raw coal from CIL / BCCL, PSUs under the Govt. of India. The distribution and pricing of such raw coal, is jointly controlled by the policies of the Govt. of India and CIL / BCCL.. Since the sales policies adopted by the coal companies are subject to change any time and the are always sub-judiced before the different courts of law in the country, an element of uncertainty always remains with regard to the costing and availability of sufficient and suitable raw coal.
2. Since the international market is highly volatile, reduction in the cost of imported coal and coke may adversely affect the performance of the company.

### **Outlook**

The order for supply of washed coal to SAIL ISP (erstwhile IISCO Ltd.) has not been further renewed since Nov'2006, due to that there has been a drop in the turnover & profit of the Company. The Company has filed a writ petition before the Hon'ble High Court at Kolkata against SAIL ISP for a direction to place orders to the eligible bidders only. In the tender process, your Company has emerged a strong contender as a reliable supplier of washed coal. Your Company expects the judgment in its favour, which would improve the performance of the Company.



The non-availability of sufficient and suitable raw material has been cause of concern for the company, due to which the company has filed a writ petition before the Hon'ble High Court at Kolkata against CIL / BCCL. The company is hopeful of getting the order in its favour.

On the other side many new iron & steel plants have either come up or are in the process of being installed. Existing iron and steel plant are also going for capacity expansion due to which an increase in the demand of metallurgical coke is anticipated. The company is trying to procure few bulk orders for supply of washed coal to some big customers like steel / thermal power plant / cement plant and sponge iron plants, all of which are benefited by using washed a beneficiated coal. The company is hopeful of getting at least one bulk order during the financial year 2007-08, which would boost the performance & profitability of the company.

### **Risk & Concern**

As discussed above under the head 'threats', since the company is not getting sufficient and suitable raw coal against its linked quota from CIL / BCCL, the company is finding it difficult to improve the performance. Also any increase in the cost of raw coal by CIL / BCCL may adversely affect the performance of the company. Any reduction in the cost of imported coal / coke, may also affect the performance of the company.

### **Financial Performance**

During the financial year 2006-07, your Company has posted sales of Rs. 31.16 crores as against Rs. 39.54 crores in earlier year. Profit after tax was Rs. 11.26 lacs as against Rs. 88.81 lacs posted in the previous year. The performance of the Company was subdued for the following reasons:-

1. The non-availability of sufficient and suitable raw material has been cause of concern for the company.
2. The selling prices of the finished goods were lower during the year. Hence, the profitability was adversely affected.
3. The order for supply of washed coal to SAIL ISP (erstwhile IISCO Ltd.) has been completed. The further order from SAIL ISP is yet to be awarded. This has caused considerable loss of revenue for the company.

### **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 approx 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

Corporate governance is a multi-faceted subject. An important theme of corporate governance deals with issues of accountability and fiduciary duty, essentially advocating the implementation of guidelines and mechanism to ensure good behavior and protect shareholders.

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. Its corporate governance policy is based on two core principles:-

- a) Management must have execution freedom to drive the enterprise forward without undue restraints; and
- b) This freedom of management should be exercised within a framework of effective accountability.

### 1. Board of Directors Composition

The Company has a non-executive Chairman. The Board of Directors of the Company consists of six directors, two of whom are independent. The Board in all has a balance of three executive and three non-executive directors.

Following is the Board of Directors of the Company as on 31.3.2007.

<u>Name</u>	<u>Category</u>
1. Shri Vimal K Tulsyan	Chairman (Non-executive)
2. Shri Rajiv Tulsyan	Managing Director
3. Shri Sanjeev Tulsyan	Executive Director
4. Shri Prashant Tulsyan	Executive Director
5. Shri Binod Kumar Singh	Non Executive, independent
6. Shri Nawal Kishore Singh	Non Executive, independent

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

Eleven Board Meetings were held during the Financial Year 2006-07. The last A.G.M. of the Company was held on 26.9.2006.

Name of the Director	Category	Attendance		No. of Directorship in other companies
		Board Meetings	Last AGM	
Shri Vimal K Tulsyan	Non Executive	11	Yes	2
Shri Sanjeev K Tulsyan	Executive	11	Yes	4
Shri Rajiv Tulsyan	Executive	11	Yes	2
Shri Prashant Tulsyan	Executive	11	Yes	1
Shri Binod Kumar Singh	Non Executive, Independent	7	Yes	None
Shri Nawal Kishore Singh	Non Executive, Independent	6	No	None
Smt. Vibha Tulsyan*	Non Executive, Non Independent	2	No	None
Shri Punit Jain*	Non Executive, Independent	1	Yes	None

\* Ceased to be Director w.e.f. 27.09.2006