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# **13<sup>th</sup> Annual Report**

## **2005 - 06**



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**FUEL LIMITED**

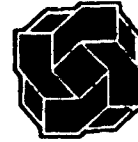
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**Board of Directors**

Rajendra Sanghvi (till 31.12.2005)  
Sudha Sanghvi (till 31.12.2005)  
Jayant Shah (till 31.12.2005)  
Alpa Shah (till 31.12.2005)  
Uma Kant Shukla (since, 31.12.2005)  
Jashwant Patel (since, 31.12.2005 till AGM)  
Subhash Nayak (since, AGM)  
Haren Shah

**Bankers**

Bank of Baroda  
The Pratap Co-operative Bank Ltd.

**Registered Office & Factory**

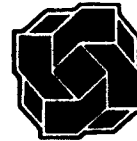
Station Road  
Lakhtar  
Dist. Surendranagar  
Gujarat 382 775

**Head Office**

7/C Poo'nima  
503 M. G. Road  
Mumbai 400 080  
Telefax : 022 2564 8374

**Share Transfer Agents**

Intime Spectrum Registry Ltd.  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup West  
Mumbai 400 078  
Tel. : 022 2596 3838/2596 3857  
Fax : 022 2596 2651/25946969  
email : [isrl@intimespectrum.com](mailto:isrl@intimespectrum.com)



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#### **NOTICE**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of **ALPHA HI-TECH FUEL LIMITED** will be held on Thursday, 28th September, 2006 at 11:00 a.m. at the Registered Office of the Company at Station Road, Lakhtar, Dist. Surendranagar, Gujarat - 382 775 to transact the following businesses :

#### **ORDINARY BUSINESS**

1. To consider and adopt the audited Balance Sheet as at 31st March, 2006, the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Haren Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :  
"RESOLVED THAT M/s. R. D. Shah & Associates, Chartered Accountants, be and they are hereby appointed Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

#### **SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :  
"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Uma Kant Shukla, who was appointed an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 be and he is hereby appointed Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :  
"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Jashwant Patel, who was appointed an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 retires and in his place Mr. Subhash Nayak be and he is hereby appointed Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

#### **NOTES**

1. A member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy, should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the meeting.
2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the meeting.
3. In terms of Articles of Association of the Company Mr. Haren Shah retires by rotation and Mr. Uma Kant Shukla retires at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Subhash Nayak is to be appointed in place of Mr. Jashwant Patel who retires at the ensuing Annual General Meeting.
4. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the meeting.
6. Members who hold shares in Demat form are requested to write their Client ID and DP ID nos. and those who hold shares in physical form are requested to write their folio no. in the Attendance Slip for attending the meeting.



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7. The Company has already notified 28.09.2006 as the date of closure of Register of Members and Share Transfer Books.
8. Members who have not so far encashed dividend warrant(s) for the dividend for the financial year ended 31st March, 2005 are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, Intime Spectrum Registry Ltd., immediately. Dividends for the financial year ended 31st March, 2005 which remain unpaid/unclaimed for a period of 7 years will be transferred by the Company to Investor Education and Protection Fund (IEPF). Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed/unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claims.
9. Members are requested to intimate to the Company's Registrar and Share Transfer Agents, change, if any, in their registered address, in their residential status, immediately.

**EXPLANATORY STATEMENT under section 173(2) of the Companies Act, 1956**

Item No. 4:

The Board has appointed, pursuant to the provisions of Section 260 of the Act and Articles of Association of the Company, Mr. Uma Kant Shukla as an Additional Director of the Company with effect from 31.12.2005.

In terms of the provisions of Section 260 of the Act, Shri Uma Kant Shukla would hold office upto the date of this Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Mr. Uma Kant Shukla for the office of Director of the Company under the provisions of Section 257 of the Act. Brief resume of Mr. Uma Kant Shukla, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commends the resolution set out at item no. 4 of the Notice for your approval.

Save and Except Mr. Uma Kant Shukla, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 5:

The Board of Directors of the Company (the Board) has appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company, Mr. Jashwant Patel as an Additional Director of the Company with effect from 31.12.2005.

In terms of the provisions of Section 260 of the Act, Mr. Jashwant Patel would hold office upto the date of this Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Mr. Subhash Nayak for the office of Director of the Company in place of Mr. Jashwant Patel, who retires at the meeting.

Brief resume of Mr. Subhash Nayak, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commends the resolution set out at item no. 5 of the Notice for your approval.

Save and Except Mr. Jashwant Patel and Mr. Subhash Nayak, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

Lakhtar: 14th August, 2006

By order of the Board

**Registered Office :**

Station Road,  
Lakhtar, Dist. Surendranagar,  
Gujarat 382 775.

**HAREN SHAH**  
Director


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## DIRECTORS' REPORT

To

The Members

ALPHA HI-TECH FUEL LTD.

Your Directors are pleased to present their 13th Annual Report together with the audited statement of accounts for the year ended 31st March, 2006.

## FINANCIAL HIGHLIGHTS

The financial highlights of the Company are given below

	as on	as on
	31-03-2006	31-03-2005
Sales and other income	1,78,25,770	4,70,49,570
Profit before taxation	92,24,660	2,50,83,695
Provision for taxation	0	0
Deferred Tax	(1,29,227)	25,84,541
Balance of previous year	2,48,09,172	60,17,128
Profit available for appropriation	3,41,63,059	2,85,16,282
<b>Appropriation</b>		
Prior period adjustments	0	1,42,048
Dividend (including dividend distribution Tax)	0	35,65,058
Capitalised on Allotment of Bonus Equity	52,55,060	0
Balance carried forward	2,89,07,999	2,48,09,172

## DIVIDEND

During the year under review, the performance of the Company is satisfactory. In order to plough back the resources for future expansion, your Directors do not recommend any dividend.

## CORPORATE GOVERNANCE

Management's Discussion and Analysis Report and Report on Corporate Governance form an integral part of this report and are set out as separate annexure to this report. The certificate from the Auditors of the Company certifying compliance of the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

## DEPOSITS

Your Company has not accepted any Deposits from the Public during the year under review.

## DIRECTORS

Keeping in line with the requirements of the Listing Agreement, Mr. Rajendra Sanghvi, Mrs. Sudha Sanghvi, Mr. Jayant Shah and Mrs. Alpa Shah, all of them being non-executive promoter group relative Directors, have resigned from the Board as and from 31.12.2005. The Board of Directors wish to acknowledge the untiring and proactive efforts of the retiring Directors who contributed to the success of the technology the Company is using and its impact on the performance of the Company.

Mr. Haren Shah retire by rotation and Mr. Uma Kant Shukla appointed as additional Director, holds office upto the conclusion of this Annual General Meeting and being eligible, offers themselves for re-appointment. Mr. Subhash Nayak is proposed to be appointed as Director, who will be in place of Mr. Jashwant Patel appointed as additional Director, holding office upto the conclusion of this Annual General Meeting and retires.

## AUDITORS

M/s. R. D. Shah & Associates, Chartered Accountants, the retiring Auditors, have expressed their willingness to conduct the audit of the Company. They shall hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them informing that their appointment, if made, would be within the prescribed limit under Section 224 (1-B) of the Companies Act, 1956 and have expressed their willingness to continue the audit. Board recommends the same.

The Auditors' Report and notes on the accounts referred to in the Auditors' Report are self explanatory.



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## **PERSONNEL**

In the spirit of devotion, the Company has been conscious of the needs of the employees. Response to changing industrial atmosphere and adaptability to innovative techniques are qualities of the employees, which Directors wish to emphasise.

During the year, the Company has no employee drawing remuneration equal to or more than the limits prescribed under the Companies (Particulars of Employees) Rules, 1975.

## **INFORMATION UNDER SECTION 217(1)(e)**

### **Disclosure of particulars with respect to conservation of energy**

Your Company continues to accord high priority to conservation of energy. Systems are in place to closely monitor energy usage.

### **Disclosure of particulars with respect to technology absorption**

The Company continues to explore the latest of the technologies available and is in the process of utilising the same.

### **Foreign exchange earning and outgo**

There are no foreign exchange earnings and outgo during the year.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Company is fully committed to good corporate governance practices. In this regard your Company endeavours to adhere to the standards set out by the Securities and Exchange Board of India's (SEBI's) Corporate Governance practices. Your Directors are pleased to inform you that your Company has implemented all the stipulations prescribed. Stock Exchange Listing fees payable to the Stock Exchange at Ahmedabad shall be paid as soon as possible and that of the Saurashtra and Kutchh stock exchange shall be paid at the earliest. After the retirement of the relative promoter Directors and appointment of the appropriate talent on the Board in the form of Independent Directors, the Company is in the process of implementing the latest of the innovation in the manufacturing. Statutory Auditors Certificate dated 14th August, 2006 in line with Clause 49 of the Stock Exchange Listing Agreement is annexed to and forms part of the Directors' Report.

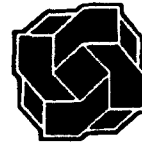
As stipulated in Section 217(2AA) of Companies Act, 1956, your Directors subscribe to the Directors' Responsibility Statement and confirm as under :-

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 of the profit of the Company for that period.
- iii) That the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) That the Directors have prepared the annual accounts on a going concern basis.

for and on behalf of Board

Haren Shah  
Director  
Lakhtar, 14th August, 2006.





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## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **1. Industry Structure and Development**

With the fast depleting fossil fuel and growing industry demand for the same, it is evident that non-conventional fuel is going to generate more demand. The binderless technology using recyclable agriculture waste is a boon to agriculture sector in general and rural economy in particular. Increased awareness for the pollution control and fiscal support by classification of the industry under the infrastructure sector, eligible for specific incentives, shall create awareness for this alternate source of fuel.

### **2. Opportunities and Threats**

The industry is showing healthy sign of growth. The unit being in the vicinity of the source of raw material supply and having access to the consumers around, there is scope for expansion of user base with the enhanced acceptability and convenience of use.

Raw material, being biomass, is mainly prone to vagaries of monsoon. Unpredictable movement in the seasonal cycle characterised by periodical drought and/or flood conditions has adverse impact on the consistency in production. Open storage of raw material for moisture evaporation is also subject to associated risks.

### **3. Productwise performance**

Your Company operates only in one segment, i.e., making Bio-mass briquettes out of agriculture waste.

### **4. Outlook**

Considering buoyancy in the Indian economy and expected growth in GDP @ 8%, the outlook for the Indian Industry is very bright. Your Company is expected to maintain its growth rate both in terms of improvement in manufacturing techniques by use of economic alternatives and use of efficient raw material mix to match the availability and cost.

### **5. Risk and Concerns**

#### **Raw Material Price risk**

Alternative and more productive use of agriculture waste and its demand in other sectors can have adverse impact on the fixed price mechanism prevalent in the area together with bad monsoon characterised by lesser agriculture production and change in product preferences by the farmers. Organisation and education of producing farmers can ensure availability of raw material at consistent price.

#### **Storage Risk**

Open sun drying for raw material and storage of finished product needs protection with preventive measures to safeguard its utility and the purpose.

### **6. Internal Control Systems**

The Company's Internal Control systems are regularly reviewed by the Internal Auditors, Statutory Auditors and the Audit Committee. The Internal Audit is done on quarterly basis and the observations of the Auditors are discussed in the Audit Committee meetings and follow up action is taken wherever required.

### **7. Financial performance with respect to operational performance**

With the change in management and for re-design of the production routines to secure enhanced operational convenience, the production, which is at halt since, 01.08.2005, is scheduled to commence on its result oriented alignment. To ensure enduring potential, growth strategy is under consideration. Ploughed back resources are being used to match the need of the recent developments.

### **8. Human Resources and Industrial Relations**

With the infusion of professional and pragmatic vision, labour policy is being planned to ensure retention of skill after new recruitments.

### **Cautionary Statement**

*This report contains forward looking statement, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, expenditures and financial results, are forward looking statements. Forward looking statements are based on certain assumptions and expectations of future events. The Company can not guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.*




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## REPORT ON CORPORATE GOVERNANCE

### 1. Company Philosophy on Corporate Governance

Your Company is fully compliant with the regulatory guidelines relating to the Corporate Governance of Clause 49 of the listing agreement with The Bombay Stock Exchange Ltd. The Company's philosophy on corporate governance is to observe high standard of business ethics and conduct its business by taking sound business decisions, follow efficient financial management practices, appropriate disclosure norms and high standard of corporate conduct to achieve sustained growth and maximum value for all its stake holders.

### 2. Board of Directors

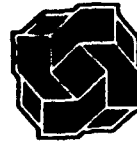
Your Board of Directors recognises its stewardship responsibility to oversee the conduct of your Company's overall business and to supervise the management responsibility for the day-to-day conduct of business. The Board includes eminent individuals who have excelled in their respective areas of specialisation and comprises individuals drawn from management, financial and other fields.

a) Board of Directors of the Company is composed of 3 Directors headed by a non-executive promoter Director Chairman and two executive independent Directors.

b) The Composition of the Board of Directors and related information is as follows:

Name of the Director	Executive/ Non-Executive/ Independent	No. of Board Meetings attended	Attendance at the last AGM on 23.06.2005	Directorship in other companies incorporated in India	No. of other Board Committees of which member/ Chairman
Rajendra Sanghvi (till 31.12.2005)	Non-Executive (Promoter Group)	3	Present	1	Member-Shareholders' Investors' Grievance Committee
Sudha Sanghvi (till 31.12.2005)	Non-Executive (Promoter Group)	3	Present	1	Member-Audit Committee
Jayant Shah (till 31.12.2005)	Non-Executive (Promoter Group)	3	Present	1	Chairman-Shareholders' Investors' Grievance Committee
Alpa Shah (till 31.12.2005)	Non-Executive (Promoter Group)	3	Present	2	Member-Audit Committee
Uma Kant Shukla (since 31.12.2005)	Executive & Independent	1	Not Applicable	Nil	Member-Shareholders' Investors' Grievance Committee
Jashwant Patel (since 31.12.2005)	Executive & Independent	1	Not Applicable	Nil	Chairman-Shareholders' Investors' Grievance Committee
Haren Shah	Non-Executive (Promoter Group)	4	Present	3	Member-Audit Committee

None of the Directors on the Board holds the office of Director in more than 15 companies or membership of committees of Board in more than 10 committees or chairmanship of more than 5 committee across all companies.


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**c) Board meetings held during the year :**

Date of Board Meeting	Location	No. of Directors present
26th May, 2005	Lakhtar	5
22nd July, 2005	Lakhtar	5
12th October, 2005	Lakhtar	5
10th January, 2006	Lakhtar	3

The meetings of the Board of Directors are normally scheduled well in advance and a detailed agenda folder is circulated to the Directors. The Board folder contains detailed notes on various agenda items and other information, which would enable the Board to discharge its responsibility effectively. The Directors, including the non-executive Directors, actively participate in the lengthy deliberations of the Board. The Chairman briefs the Board at every meeting on the overall performance of the Company and the important matters discussed at the meetings of the Audit Committee and the Shareholders'/Investors' Grievances Committee are also highlighted. The functions performed by the Board include review of :

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment and exposure limits
- Compliance with statutory/regulatory requirements and review of major legal issues
- Adoption of quarterly/half-yearly/annual results
- Significant labour problems
- Transactions pertaining to purchase/disposal of property
- Major accounting provisions and write-offs.

**Details of the Directors seeking appointment/ re-appointment at Annual General Meeting fixed for 28th September, 2006.**

Name of Director	Haren Shah	Uma Kant Shukla	Subhash Nayak
Date of Birth	08-01-1958	08-08-1959	14.03.1950
Date of Appointment	29-01-1993	31-12-2005	At the AGM
Expertise, in specific functional area	Accounts & Taxation Mediator & Conciliator on the panel of Mumbai High Court	Production Technologies	Finance and Administration Retired Manager, Corporation Bank
Qualification	B. Com., FCA, ADR	B. Tech.(Chem.)	B.Com.
List of outside Directorship held	Filmcity Media Ltd. Alpha Hi-Tech Papers & Pulp Ltd. Maharaja Forwarders Pvt. Ltd.	None	None
Chairman/Member of the committees of the Board of Directors of the Company	Chairman - Board of Directors Chairman - Audit Committee Member - Shareholders'/ Investors' Grievance Committee	Chairman - Shareholders'/ Investors' Grievance Committee Member - Audit Committee	None
Chairman/Member of the committees of Directors of other Companies in which he/she is a Director	None	None	None
No. of shares held in the Company	1,24,833	Nil	Nil