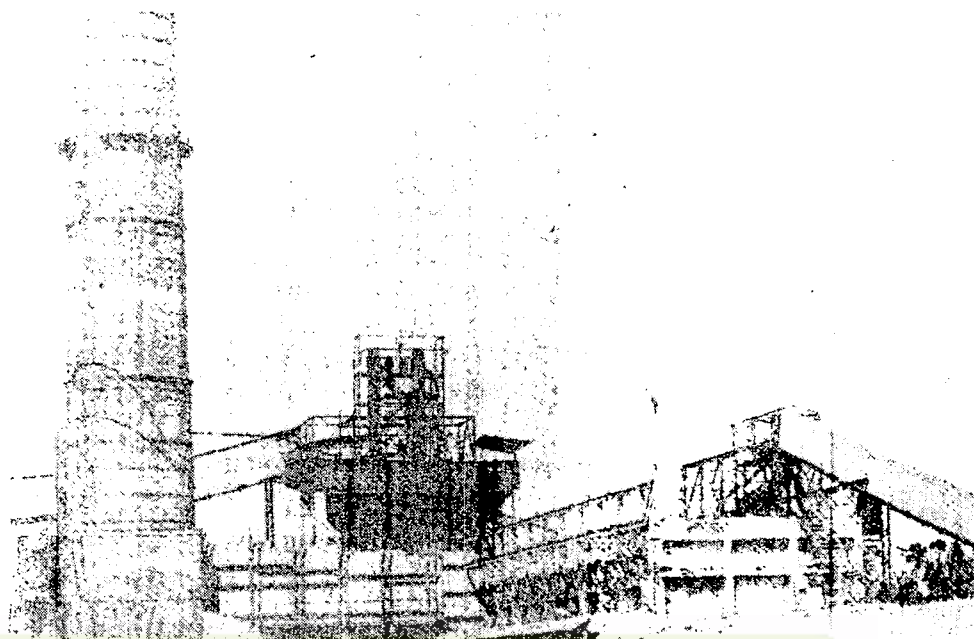


**ANNUAL REPORT  
AND ACCOUNTS  
1996 - 1997**



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**FOUNDRY FUEL PRODUCTS LIMITED**

MD.	/		PKC	
CS	/		DPY	/
RO	/		INV	/
TRA	/		C	/
ACM	/	/	SH	/
YE	/	/		



## **FOUNDRY FUEL PRODUCTS LIMITED**

### **DIRECTORS**

<b>SRI D. K. AGARWALLA</b>	<b>Chairman</b>
<b>SRI Y. K. AGARWALLA</b>	<b>Managing Director</b>
<b>SRI R. K. CHOUDHURY</b>	<b>Director</b>
<b>SRI M. P. JATIA</b>	<b>Director</b>
<b>SRI M. P. MEHARIA</b>	<b>Director</b>
<b>SRI M. K. AGARWALLA</b>	<b>Director</b>
<b>SRI SANJAY TODI</b>	<b>Director</b>
<b>SRI PRADEEP KJARIA</b>	<b>Director</b>

**COMPANY SECRETARY**  
**SRI PRADIPTA KUMAR DAS**

**CHIEF ACCOUNTANT**  
**SRI BRIJ MOHAN TODI**

**BANKER**  
**STATE BANK OF INDIA**  
**STATE BANK OF MYSORE**

**FINANCIER**  
**INDUSTRIAL DEVELOPMENT BANK OF INDIA**  
**STATE BANK OF INDIA**

**AUDITOR**  
**SHAILENDRA & CO.**  
**Chartered Accountants**

**REGD. OFFICE**  
**8, Waterloo Street**  
**Calcutta - 700 069**

**HEAD OFFICE**  
**Dhaiya, P. O. Nagnagar**  
**Dhanbad ( Bihar - 826004 )**

**WORKS**  
**G. T. Road, Govindpur**  
**Dhanbad ( Bihar - 828109 )**

## FOUNDRY FUEL PRODUCTS LIMITED

### NOTICE

Notice is hereby given that the 33rd Annual General Meeting of FOUNDRY FUEL PRODUCTS LIMITED will be held on Monday the 29th December 1997, at 11.30 A. M. at "MAHAJATI SADAN" (Annexee Building), 166, Chittaranjan Avenue, Calcutta 700007, to transact the following business.

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31.03.1997, Profit and Loss Account for the year ended on that date and the report of the Auditors and Directors thereon.
2. To appoint a Director in the place of Sri Pradeep Kajaria, who retires by rotation at this Annual General Meeting and being eligible offer himself for reappointment.
3. To appoint a Director in the place of Sri Sanjay Todi, who retires by rotation at this Annual General Meeting and being eligible offer himself for reappointment.
4. To appoint M/S Ashok Kedia & Co., Chartered Accountants, 4, Gangadhar Babu Lane, Calcutta as Statutory Auditors of the Company in place of the retiring Auditors M/S Sailendra & Co. Chartered Accountants, who are unwilling to be reappointed, to hold the office until the conclusion of the next Annual General Meeting and fix their remuneration.

#### AS SPECIAL BUSINESS

5. To Consider and if thought fit to pass, with or without modification, the following Resolution as special Resolution :  
 " Resolved that in accordance with the provisions of section 81(1A) and other applicable provisions if any of the Companies Act, 1956 ( including any amendment or reenactment thereof ), Foreign Exchange Regulation Act 1973 (FERA ) and subject to the approval of the Financial Institution and the Banks, and subject to the guidelines, formula, terms and conditions issued from time to time by the Govt. of India, Reserve Bank of India (RBI), Security Exchange Board Of India (SEBI) and subject to such modification and conditions as may be prescribed, imposed by any of them while granting such approval, permission and sanction, which may be agreed to, by the Board of Directors of the company (hereinafter referred to as "Board") the consent, authority and approval of the Company be and is hereby accorded to the Board to issue/offer or equity Shares (fully or partly ) convertible or non- convertible debentures, bonds or any other financial instrument, all or any of the aforesaid, with or without detachable or non detachable warrants of any nature and/or warrants (hereinafter referred to as " Securities" ) with or without voting right in the General Meeting / Class Meeting of the Company as may be permitted under the then prevailing laws to the Members, Employees, Non Resident Indians (NRIs ), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Indian public, Companies, Mutual Funds, Financial Institutions, Promoters/Directors and their friends and relatives and associates/Group Companies, other entities/authorities, whether through Public issue, Rights issue, Private Placement, Preferential allotment, Exchange of securities, Conversion of loans or otherwise, as may be decided by the Board in its sole discretion for an aggregate sum not exceeding Rs.20 crores (Rupees Twenty Crores only), provided however that the resultant paid up Equity Share Capital shall be within the Authorised Share capital of the Company and at such time as the Board may think fit on such terms and condition including the face value, premium on conversion, number of tranches, exercise price for the warrants/ options, rate of interest, redemption period, manner of redemption, amount of premium on redemption/ conversion, nature of security, manner of calls etc. with authority to retain such oversubscription amount as may be permitted.

## FOUNDRY FUEL PRODUCTS LIMITED

### NOTES :

The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the special business stated above is annexed.

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxy form duly Completed in all respect should reach the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. Members are requested to inform changes, if any in the Registered address along with the Pin code to the Company at its Registered Office address.
4. Members attending the Meeting are requested to complete the attached attendance slip and deliver the same at the entrance of the Meeting Hall.
5. As a measure of economy, copies of the Annual Report will not be distributed at the meeting. Members are therefore, requested to bring their copies of Annual Report to the Meeting.
6. Members desiring any information on the accounts are requested to write the Company at least one week before the Meeting so as to enable the Management to keep the informations ready.

By Order of the Board of Directors  
Pradipta Kumar Das  
Company Secretary

Registered Office :  
8, Waterloo Street  
Calcutta : 700069  
Dated the 13th day of November, 1997.

### EXPLANATORY STATEMENT TO ITEM NO. 5

Your Directors wishes to make some modernisation and financial restructuring in the Company . The Scope of these programmes will result, amongst other things, in 1) Quality improvement of its' product 2) Installation of certain balancing equipments 3) Repayment of loans out of the proceeds of Shares/ Securities issue.

After considering all important aspects, the Board of Directors have decided to raise funds through Issues of Shares/Securities, in the manner and on the terms indicated in the resolution.

Section 81(1A) of the Companies Act 1956 provides interalia that whenever it is proposed to increase the subscribed capital of the Company by allotment of further Share or otherwise as stated in the Resolution, has to be effected by a special resolution by the Company in a General Meeting . Therefore it seeks to authorise the Board of Directors of the Company to issue the Shares etc. in the manner set out in the Resolution.

The Directors of the Company may deem to be concerned or interested in the Resolution to the extent of the Share that they may be entitled to as their right entitlement and to the extent of the Share that may be subscribed by them or by the Company of which they are Directors .

## FOUNDRY FUEL PRODUCTS LIMITED

### DIRECTORS' REPORT

Your Directors have pleasure in presenting their report on the workings of the Company for the financial year ended on 31st March 1997 and on the progress made till the date of this report, not enumerated in the accounts attached herewith.

### STATE OF THE COMPANY AFFAIRS

	For the year ended on 31.03.1997 (Rs. in '000')	For the year ended on 31.03.1996 (Rs. in '000')
1. TOTAL INCOME	81700	122479
2. PROFIT (LOSS) BEFORE DEPRECIATION INTEREST AND TAX	(9423)	20181
3. PROFIT (LOSS) BEFORE TAX	(23538)	7145
4. BALANCE OF PROFIT BROUGHT FORWARD FROM THE PREVIOUS YEAR	12326	5181
5. BALANCE CARRIED TO THE BALANCE SHEET	(11279)	12326

### OPERATION

The Demand for Indigenous Coke had a very bearish trend during the year under review, mostly because of the chinese dumping of coke to the Indian market at a very low price. Hence the operation of the Plant was kept at a lower level compared to the previous year. The washery cum coal carbonisation plant have been able to utilise its' capacity to the extent of 64 %. Total production of coke in the financial year ended 31st March 1997 is 28641 M.T.

### FINANCE

As enumerated in the accounts attached herewith your Company had a net loss of Rs. 2,36,05,591/- for the financial year under review. The financial structure of the Company deteriorated. The Company has raised an additional finance of Rs 174 lacs to provide for the additional capital expenditure, to finance the losses and to ensure the uninterrupted workings and avoid closure of the plant. To support the cash losses, Your Company has approached the State Bank of India to convert the part of the working capital assistance into working capital loan at a reduced rate of interest. As per repayment scheduled of I.D.B.I your Company has already repaid principle worth Rs 112.50 lakhs till date. But due to the adverse financial condition, your Company could not able to make the payment of interest and principle falling due for the quarter ended June and September 1997 to I.D.B.I. The Company has requested I.D.B.I. for reshedulement of principle repayment and give concession in the rate of interest. The outcome is awaited.

### RAW MATERIAL

In spite of the tight financial position, the Company has implemented the suitable methods for fine coal beneficiation, developed in its' R & D. We have been able to reduce the cost of the inputs by increasing the quantity of fine coal in the raw material. Some more work however is still required and is being carried out. Your company has continued its' endeavor in the R & D field.

## FOUNDRY FUEL PRODUCTS LIMITED

### MARKETING

Competition from the imported Chinese Coke is creating an overall sluggish coke market. To face the competition the Company has to reduce the selling price of its product to about Rs. 2500/- per M.T. However at the reduced price the Company has been able to sell its entire production without any difficulty. The qualitative improvement in the Company's major product HHS Coke is in full swing, in order to make it more price fetching.

### FUTURE

The Coke market has seen a very bearish trend mostly because of the Chinese dumping of coke to the Indian market. In the present scenario, the indigenous coke manufacturers are fighting for survival with their back to the wall against the Chinese onslaught.

The Chinese economy is not a market driven economy and while China is charging less than 85 US\$ per M.T. of coke as against international price of more than 125 US\$, their public sector unit have lost more than 90 billion US\$ in one year. The losses of the Public Sector Undertaking is mainly due to the artificially low price kept for their product.

The indigenous Coke manufacturing are hardly equipped to fight against such a heavily subsidised coal and coke price of China.

We are happy to inform that Govt. of India has belatedly waken up to the threat and Anti Dumping Duty for Coke is under serious consideration. Since the Coke manufacturer buy their raw material from Coal India a Govt. of India undertaking. There is a very little space available to them for fighting the heavily subsidised Chinese Coke price, particularly when the indigenous coal price are showing an upward trends.

We sincerely hope that the Govt. of India will like to save the strategically important indigenous Coke Industry by applying Anti Dumping Duty on Chinese Coke.

Indian Coke industry future is linked with the question of timing and percentage of the anti dumping duty applied on Chinese Coke. Your Company on its part is seeing some success in the method of utilisation of higher quantity of fine coal in Coke making. This may allow us to weather the present storm and survive for the better times.

### DIVIDEND

In view of the losses, Your Directors regret their inability to recommend any Dividend.

### DIRECTORS

1. Sri Predeep Kajaria, Director is retiring by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

2. Sri Sanjay Todi, Director is retiring by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

### EMPLOYEES

Your Director wish to place record of their appreciation to all personnel at all levels for their commendable efforts and immense contribution in Company's activities.

The Statement showing the particulars of employees of the Company required U/S 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of this report for the year ended 31st March, 1997 is given hereunder.

Name	Designation	Age	Qualification Experience	Last employment & post held	Date of Commencement of employment	Remuneration received
D.K Agarwalla	Chairman	54	B.Com 31 Years	Anup Malleables Ltd., Mg. Director	30.09.1994	Rs.3.60,000/-
Y.K Agarwalla	Mg. Director	47	M.E.(Mech) 23 Years	Anup Malleables Ltd., W.T. Director	28.03.1994	Rs.3.00,000/-

## FOUNDRY FUEL PRODUCTS LIMITED

### FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign Exchange used during the year under review is US \$ equivalent to Rs.25,955/- on account of Foreign Traveling Expenses and Pounds Equivalent to Rs.8,59,192/- on account of staff welfare Expenses.

Your Company did not had any activities relating to Import and Export or any other activities wherein Foreign Exchange is involved, there is no other information relating Foreign Exchange earnings and outgo to be furnished.

### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

By the developments made in R & D your Company has been able to reduce the cost of the inputs by increasing the quantity of fine coal. R & D activities is being carried out on qualitative improvement of its' product and cost reduction in the inputs. There is no other information under the Companies ( Disclosure of particulars in the report of Board of Directors ) Rule 1988 to be furnished.

### AUDITOR

M/S Shailendra & Co. , Chartered Accountants , retire at the conclusion of this Annual General Meeting and do not offer themselves for reappointment. A notice has been received for the appointment of M/S Ashok Kedia & Company , Chartered Accountants as Statutory Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting. The Appointment is recommended by the Directors of the Company.

The observation made by the Auditors in their report are self explanatory and do not require further explanation.

### ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude for the support and cooperation, which the Company continues to receive from the Bankers, Financial Institution and other Govt. and SemiGovt. bodies.

Place : Calcutta

Dated : November 13, 1997

On Behalf of the Board

Y.K.AGARWALLA

Mg. Director

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## FOUNDRY FUEL PRODUCTS LIMITED

### AUDITORS' REPORT

To the Members of M/s. Foundry Fuel Products Limited

We have audited the attached Balance Sheet of Messrs. Foundry Fuel Products Limited as at 31st March, 1997, and the Profit & Loss Account For the Year ended on that date and report that :-

1. As required by the Manufacturing and other Companies (Auditors' Report ) Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
  2. Further to our comments in the annexure referred to in paragraph 1 above :-
    - (a) We have obtained all the information and explanation which to the best of our knowledge and belief are necessary for the purpose of our audit .
    - (b) Proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
    - (c) The Balance Sheet and Profit & Loss Account referred to in this report is in agreement with the books of the Company.
    - (d) In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to Note no. 7 of schedule 17 regarding change in method of accounting of gratuity from cash basis to accrual basis, which has resulted in lowering the profit for the year by Rs. 2,96,629/- and read with other notes in schedule - 17 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
- i) In so far as it relates to Balance Sheet of the state of affairs of the Company as at 31st March, 1997 and ;
- ii) In the case of the Profit and Loss Account of the Loss of the Company for the year as on that date.

4, Gangadhar Babu Lane,  
Calcutta - 700 012  
Dated The 28th day of Oct., 1997

**FOR SHAILENDRA & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**A.K. KEDIA**  
**PARTNER**