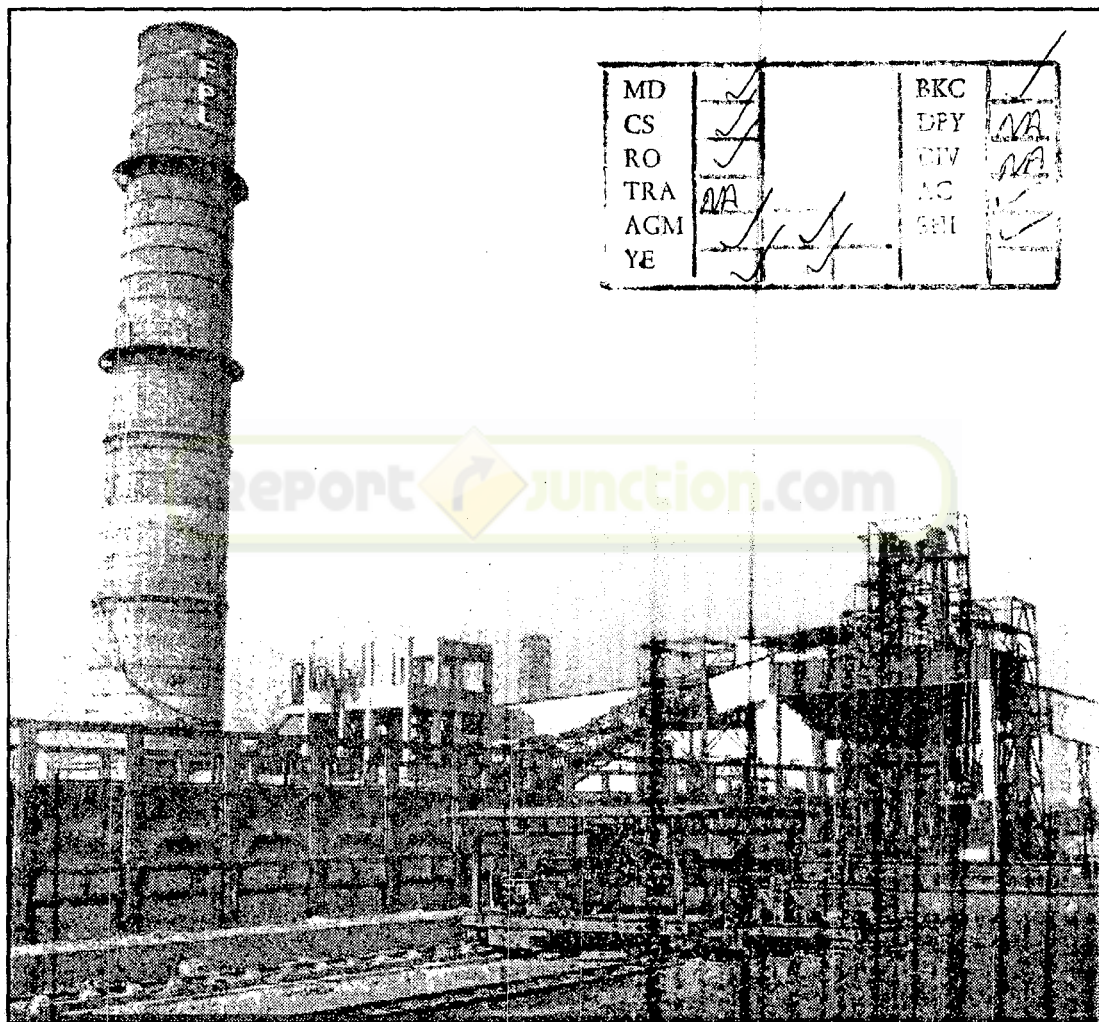


ANNUAL REPORT AND ACCOUNTS 1997-98



MD	/		BKC	/
CS	/		DPY	NA
RO	/		DIV	NA
TRA	NA	/	AC	/
AGM	/	/	SH	/
YE	/	/		/

FOUNDRY FUEL PRODUCTS LIMITED

Signature

SEC CLERK



FOUNDRY FUEL PRODUCTS LIMITED

Annual Report 1997-98

CHAIRMAN

D. K. Agarwalla

MANAGING DIRECTOR

Y. K. Agarwalla

DIRECTORS

M. P. Jatia

M. P. Meharia

M. K. Agarwalla

Sanjay Todi

Pradeep Kajaria

COMPANY SECRETARY

R. K. Sahoo

CHIEF ACCOUNTANT

B. M. Todi

AUDITORS

Ashok Kedia & Co.

Chartered Accountants

BANKERS

State Bank of India

State Bank of Mysore

FINANCIER

Industrial Development Bank of India

State Bank of India

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**Annual Report 1997-98****NOTICE**

NOTICE is hereby given that the 34th Annual General Meeting of the Members of FOUNDRY FUEL PRODUCTS LIMITED, will be held at "MAHAJATI SADAN" (Annexee Building), 166, Chittaranjan Avenue, Calcutta - 700 007, on Saturday, 26th September, 1998 at 3.30 p.m. to transact the following :

AS ORDINARY BUSINESS

1. To consider and adopt Audited Profit & Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. (i) To appoint a Director in place of Sri M. K. Agarwalla, who retires by rotation and, is eligible for re-appointment.
(ii) To appoint a Director in place of Sri M. P. Meharia, who retires by rotation and, is eligible for re-appointment.
3. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modifications the following resolution as Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary, the consent of the Company be and is hereby accorded to the re-appointment of Sri Y. K. Agarwalla, to the office of Managing Director of the Company for a period of five years w.e.f. 1st October, 1997, upon the following terms and conditions with liberty to the Board of Directors to alter or vary the same in such manner as they may consider necessary and expedient or directed by the Central Government and acceptable to Sri Y. K. Agarwalla."

The principal terms and conditions of the re-appointment are as follows :

Period of Re-appointment	:	Five Years w.e.f. 1st October, 1997.
Remuneration and perquisites	:	No remuneration or perquisites shall be payable during the tenure of re-appointment.
Power, duties and function	:	Sri Y. K. Agarwalla shall exercise substantial powers of the Management subject to the superintendence, control and direction of the Board.

5. To consider, and if thought fit, to pass, with or without modifications the following resolution as Special Resolution :

"RESOLVED that pursuant to the provisions of Section 370 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors ("The Board") to make loan/loans or to give, on behalf of the Company, any guarantee or provide any security in connection with the loan or loans made by any other person to or to any other person by any body corporate, whether under the same management or not, in excess of 30% of its subscribed capital and free reserves from time to time and on such terms and conditions as the Board may deem fit provided that the aggregate amount of all loan/loans made or such guarantees given or securities so provided

FOUNDRY FUEL PRODUCTS LIMITED**Annual Report 1997-98**

in respect of any loan/loans outstanding at the time, shall not exceed Rs. 3,000 lakhs at any one time."

6. To consider, and if thought fit, to pass, with or without modifications the following resolution as Special Resolution :

"RESOLVED that the consent of the Company be and is hereby accorded pursuant to the proviso of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors ("The Board") of the Company for mortgaging and/or charging in favour of all or any one of the Financial Institutions/Foreign Financial Institutions/Banks/ Trustees of Debentureholders the whole or substantially the whole or any one or more of the Company's undertakings or all its undertakings including leasehold properties and all other fixed assets wheresoever situate, including the present and/or future properties, whether movable or immovable comprised in any and/or existing and/or new undertakings of the Company by way of first and/or second charge, as the case may be, together with the power to take over the management of the business and concern of all or any such undertaking(s) of the Company in certain events, to secure the repayment of the term loan, the cash credit and other facilities being enjoyed by the Company from the said Institutions/Banks/Trustees up to such amount and to sign, seal and deliver such instruments, assignments, contracts, deeds, conveyances or any other instrument that may be considered necessary, usual or proper for the said purposes and in such manner and on such terms and conditions and at such time or times as the Board deemed beneficial and convenient for the Company".

7. To consider, and if thought fit, to pass, with or without modifications the following resolution as Special Resolution :

"RESOLVED that pursuant to the proviso of Section 80 (1) of the Companies Act, 1956, the Board of Directors ("The Board") of the Company be and is hereby authorised to issue 2,50,000 Cumulative Redeemable Preference Shares of Rs. 100 each at par to those, not withstanding anything contained in Section 81 (1A) of the said Act, and at such per cent of dividend, in such manner and on such terms and conditions as the Board deemed fit and proper".

"RESOLVED FURTHER that the Board be and is hereby authorised to take all or any of the steps necessary for the issue of the above shares".

By Order of the Board

8, Waterloo Street
Calcutta - 700 069
5th August, 1998

R. K. SAHOO
Company Secretary

Notes :

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his/her behalf. A proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September to 26th September, 1998, both days inclusive.
3. Members are requested to notify immediately any change of address to the Company at its Registered Office address.
4. Members are requested to bring their copies of Annual Report to the Meeting.
5. 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 information ready.

FOUNDRY FUEL PRODUCTS LIMITED**Annual Report 1997-98****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 4**

At the extra-ordinary general meeting of the Company held on 28th March, 1994, Sri Y. K. Agarwalla was appointed as Managing Director for a period of five years with effect from 1st October, 1992. His term as Managing Director expired on 30th September, 1997.

The Board of Directors of your Company at its meeting held on 30th December, 1997 approved, subject to the approval of the Members of the Company, the re-appointment of Sri Y. K. Agarwalla as Managing Director of the Company for a further period of five years with effect from 1st October, 1997.

The Board at the said meeting also approved that for the aforesaid period of re-appointment as Managing Director, Sri Y. K. Agarwalla shall not be entitled to, subject to the approval of the Members, any remuneration from the Company and the Board can vary or alter the terms and conditions as it may deem convenient and proper.

Item No. 5

In the ordinary course of business, your Company is associated with several bodies corporate and being requested by the companies to give financial assistance to tide over temporary difficulties. In terms of the provisions of Section 370 of the Companies Act, 1956, to make any loan/loans or giving any guarantees or providing any securities, approval of the members by a special resolution is required, so long as the aggregate of the loan/loans or guarantees given or securities provided exceed 30% of its subscribed capital and free reserves. It is further explained that once the members approve the maximum limit upto which the Company can make loan/loans or giving guarantees or providing securities that may be made within the limit of Rs. 3,000 lakhs. Resolutions set out in the Item are, therefore, being proposed as Special Resolution to authorise the Board to make loan/loans or giving guarantees or providing securities, a maximum ceiling of Rs. 3,000 lakhs.

Your Directors, therefore, recommend the resolution for your approval.

Any Director of the Company may be deemed to be interested or concerned in this resolution to the extent that he may be a Director or member of the body corporate or bodies corporate which may be connected with the Company.

FOUNDRY FUEL PRODUCTS LIMITED**Annual Report 1997-98****Item No. 6**

Your Company at present enjoys the term loan and cash credit facilities from the Financial Institutions and Banks.

In need of further loan to finance the Company's operation and new projects, the Company approached the financial institutions, foreign financial institutions and banks for term loans, cash credit and other facilities. The above mentioned bodies agreed in principle to this request of your Directors. Your Directors consider that the equitable mortgage/charge, sell, lease and dispose of the whole or substantially the whole undertakings of the Company in favour of the financial institutions/foreign financial institutions/banks/trustees of Debenture holders attract the provisions of Section 293 (1)(a) of the Companies Act, 1956, where the Board is restricted to mortgage/charge, sell, lease or otherwise dispose of the whole or substantially the whole, of the undertakings of the Company without according the consent of the members of the Company in a general meeting. Therefore, the Board proposed the ordinary resolution contained in this Item is placed before you for your acceptance in the interest of the Company.

None of your Directors are interested or concerned in the aforesaid resolution.

Item No. 7

The Company is now need of funds and as such the Company is making an offer to the directors, relatives of the directors, friends, associates, bodies corporate from whom it has raised unsecured loans to be converted into cumulative redeemable preference shares carrying such rate of dividend and on such terms and conditions including its redemption to be decided by the Board of Directors subject to the necessary consent of the members of the Company. So, your Directors proposed to offer 2,50,000 cumulative redeemable preference shares of Rs. 100 each at par not exceeding Rs. 250 lakhs for the benefit of the Company to settle the unsecured debts. The ordinary resolution proposed by the Directors for approval of the members of the Company at the general meeting.

None of the Directors of the Company are interested or concerned in the aforesaid resolution.

FOUNDRY FUEL PRODUCTS LIMITED**Annual Report 1997-98****DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 1998 and on the progress made till the date of this report, not enumerated in the accounts attached herewith.

FINANCIAL RESULTS

	For the year ended 31.03.1998 (Rs. in '000)	For the year ended 31.03.1997 (Rs. in '000)
Loss before Depreciation		
interest and Taxes	(17,644)	(9,423)
Add : Depreciation Interest & Short Provision on Tax	(15,259)	(14,182)
Loss After Tax	(32,903)	(23,605)
Balance of Profit/(Loss) B/F from the Previous Year	(11,279)	12,326
Balance of Loss C/F to the Balance Sheet	(44,182)	(11,279)

PERFORMANCE & PROSPECTS

Due to certain adverse factors the Company has during the year incurred a loss of Rs. 329 lakhs against Rs. 236 lakhs in the previous year. The shareholders are aware that due to substantial reduction of duty on import of coke, the industry has suffered a substantial loss of domestic market because of dumping of chinese coke at a very lower price. As a result of this, the turnover of the Company has dwindled to Rs. 4.23 crores against Rs. 8.53 crores in the previous year due to sluggish market because of import at a very cheap rate, the Company could utilise only 31% of its installed capacity.

FOUNDRY FUEL PRODUCTS LIMITED**Annual Report 1997-98**

However, it is heartening to note that the Govt. of India has very recently imposed anti-dumping duty & custom duty on imported coke to boost the indigenous industry. It is hoped that the indigenous coke, as a result of the Govt. measure, will be cheaper than the imported Chinese coke and the demand for the Company's products will increase.

Your Directors are hopeful that the buoyancy in the coke market will continue as a result the Company will be able to achieve a turnaround both in terms of turnover and profitability in the current year.

FOREIGN EXCHANGE EARNING AND OUTGO

The foreign exchange outgo during the year was Rs. 9.76 lakhs (previous year Rs. 8.85 lakhs). Your Company did not have any activities relating to Import & Export or any other activities wherein foreign exchange involved.

DIVIDEND

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

DIRECTORS

Sri M. K. Agarwalla and Sri M. P. Meharia will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

The Auditors Messrs Ashok Kedia & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

Appropriate notes to the Accounts explain the observation in the Auditors' Report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Your Company has been able to improve quality of the product thereby reduces the cost of the