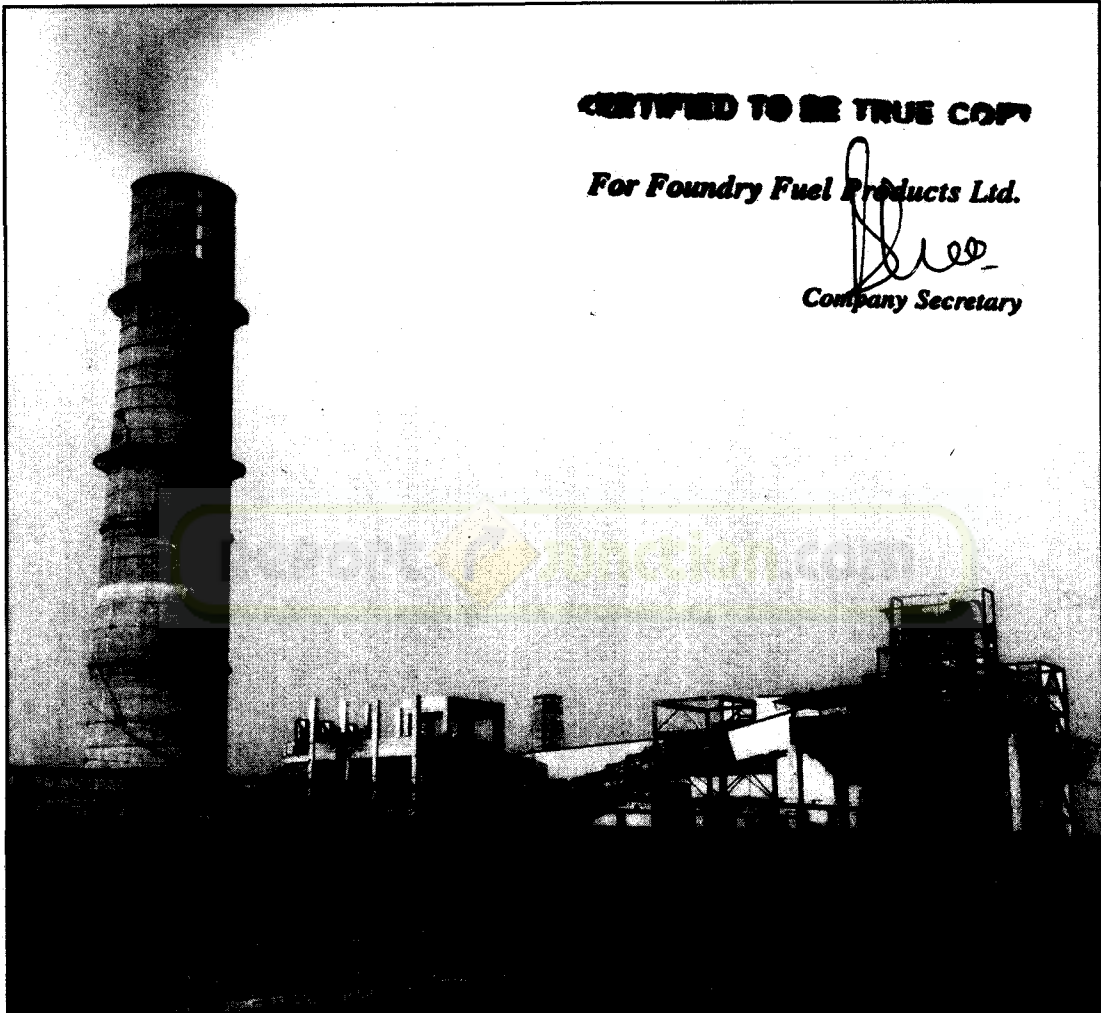


# **ANNUAL REPORT 2002-2003**



**CERTIFIED TO BE TRUE COPY**

*For Foundry Fuel Products Ltd.*

*Company Secretary*

## **FOUNDRY FUEL PRODUCTS LIMITED**

---

---

**FOUNDRY FUEL PRODUCTS LIMITED**

---

---

Annual Report 2002-2003

**CHAIRMAN**

D. K. Agarwalla

**MANAGING DIRECTOR**

Nandan Kumar Agarwalla

**DIRECTORS**

Pramod Kumar Agarwalla

Brij Mohan Todi

Dindayal Sharma

**SECRETARY**

R. K. Sahoo

**AUDITORS**

Ashok Kedia & Company

*Chartered Accountants*

4, Gangadhar Babu Lane

Kolkata - 700 012

**BANKER**

State Bank of India

**FINANCIER**

Industrial Development Bank of India

State Bank of India

**DEPOSITORY REGISTRAR**

Niche Technologies Pvt. Ltd.

C-444, Bagree Market,

71, B.R.B. Basu Road

Kolkata - 700 001

**REGD. OFFICE**

8, Waterloo Street

Kolkata - 700 069

**CORPORATE OFFICE & WORKS**

G. T. Road, Govindpur

Dhanbad, Jharkhand

**FOUNDRY FUEL PRODUCTS LIMITED**

Annual Report 2002-2003

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Thirty-Ninth Annual General Meeting of the Members of Foundry Fuel Products Limited will be held at "MAHAJATI SADAN" (Annexee Building), 166, Chittaranjan Avenue, Kolkata-700 007 on Saturday, the 27th September, 2003 at 10.30 A.M. to transact the following :

**AS ORDINARY BUSINESS**

1. To consider and adopt Audited Profit & Loss Account for the year ended 31st March, 2003, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon .
2. To appoint a Director in place of Mr. Pramod Kumar Agarwalla, who retires by rotation and, being eligible offers himself 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 modification the following resolution as an Ordinary Resolution :-

"RESOLVED that Mr. Brij Mohan Todi be and is hereby appointed a Director of the Company liable to retire by rotation".

5. To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution :-

"RESOLVED that Mr. Din Dayal Sharma be and is hereby appointed a Director of the company liable to retire by rotation".

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

"RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contract (Regulation) Act, 1956, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, the Listing Agreement with the Stock Exchanges and subject to such approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, terms or sanctions which may be agreed to by the Board of Directors of the Company (the Board) consent be and is hereby accorded to delist the equity shares of the Company from Calcutta Stock Exchange Association Ltd., the Stock Exchange, Ahmedabad, and Magadh Stock Exchange Association Ltd."

"RESOLVED FURTHER that the Board or any person(s) authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient for the purpose of giving effect to this resolution."

**By Order of the Board of Directors**

8, Waterloo Street  
Kolkata-700 069  
19th August, 2003

**R. K. Sahoo**  
Secretary

**FOUNDRY FUEL PRODUCTS LIMITED**

Annual Report 2002-2003

**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 25th September, 2003 to 27th September, 2003, both days inclusive.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :-****Item Nos. 4 & 5**

Pursuant to Article 81 of the Articles of Association of the Company, Mr. Brij Mohan Todi (Mr. Todi) and Mr. Din Dayal Sharma (Mr. Sharma) were appointed Additional Directors of the Company with effect from 27th March, 2003. Under the said Article read with Section 260 of the companies Act, 1956 ("th Act"), Mr. Todi and Mr. Sharma will hold office upto the date of the forthcoming Annual General Meeting.

The Company has received due notices under Section 257 of the Act from members signifying their intention to propose the appointment of Mr. Todi and Mr. Sharma as Directors of the Company. Mr. Todi and Mr. Sharma are willing to act as Directors of the Company, if appointed, and have filed with the Company their consent pursuant to Section 264 (1) of the Act.

The Board of Directors of the Company considers that the re-appointment of Mr. Todi and Mr. Sharma will be beneficial to the Company and accordingly recommends the acceptance of the resolutions set out in item 4 and item 5 of the convening notice.

Mr. Todi and Mr. Sharma may be deemed to be concerned or interested in the respective resolution concerning their appointment and save that no Director of the Company is concerned or interested in the resolutions.

**Item No. 6**

The Company's equity shares are presently listed at the Stock Exchange at Mumbai, Kolkata, Ahmedabad and Magadh. Statistics indicate that almost there is no transaction of the Company's shares at the Stock Exchanges at Kolkata, Ahmedabad and Magadh. According to the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, a Company can delist its shares from other exchanges if the securities remain listed at National Stock Exchange and/or the Stock Exchange, Mumbai.

The Board of Directors of your Company recommends for the approval of the members the proposal to voluntarily delist the company's shares from the Calcutta Stock Exchange Association Ltd., the Stock Exchange, Ahmedabad, and Magadh Stock Exchange Association Ltd. The shares will, however, continue to be listed at the Stock Exchange, Mumbai. As per the guidelines for delisting of shares consent of the members by way of a special resolution is required for voluntary delisting of the Company's shares from these three Stock Exchanges. Liquidity of the shares, however, will not be affected in any way after such delisting.

None of the Directors of your Company is interested in this special resolution.

The Board recommends this special resolution for your approval.

**FOUNDRY FUEL PRODUCTS LIMITED**

Annual Report 2002-2003

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Annual Report together with the Audited Accounts for the year ended 31st March, 2003.

**FINANCIAL RESULTS**

		<u>Rs.</u>
Profit before depreciation, interest & income tax		29,08,993
Less : Interest	Rs. 2,66,22,680	
Depreciation	<u>Rs. 59,12,647</u>	
		<u>3,25,35,327</u>
Loss before taxation		2,96,26,334
Less : Provision for deferred tax liability (Assets)		<u>(1,03,00,000)</u>
Loss for the year		1,93,26,334
Add : Amount of loss brought forward from last year		<u>9,70,16,837</u>
Balance of loss carried forward		<u>11,63,43,171</u>

**PERFORMANCE & PROSPECTS**

The hard coke industry is still passing through a very difficult phase. During the year under review, revenue from operations of your Company increased by 32 percent to Rs. 6.23 crores against Rs. 4.72 crores in last year. The Company suffered a loss of Rs. 193.26 lacs for the year, basically due to increase of interest cost burden. Cut throat competition, sluggish demand and a recessionary trend in the economy have dealt a severe blow to the Company's workings.

The situation for the current year is not encouraging till now. Despite all odds we are still hopeful of a turn-around in the Company's results in the coming years.

**FOREIGN EXCHANGE EARNING AND OUTGO**

There was no foreign exchange earning and outgo during the year under review.

**DIVIDEND**

In view of the loss during the year and the deficit from the previous years, your Directors regrets to recommend a dividend.

**DIRECTORS**

Messrs B. M. Todi and D. D. Sharma have been inducted into the Board of the Company as Additional Directors with effect from 27th March, 2003 and they will hold office till the date of the next Annual

**FOUNDRY FUEL PRODUCTS LIMITED****Annual Report 2002-2003**

General Meeting. However, notices under Section 257 of the Companies Act, 1956 have been received from members proposing resolution for appointment of both Messrs B.M. Todi and D.D. Sharma as Directors liable to retire by rotation.

Mr. Pramod Kumar Agarwalla who retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself 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 observations in the Auditors' Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors confirm :-

- i) that in the preparation of the annual accounts, the applicable accounting standards issued by the Institute of Chartered Accountants of India had been followed;
- ii) that the Directors had 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 as on 31st March, 2003 and of the loss of the Company for the year ended on that date;
- iii) that the Directors had taken proper and sufficient care of 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; and
- iv) that the Directors had prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE**

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the Listing Agreements with the Stock Exchanges. A separate report on Corporate Governance alongwith the certificate of the Auditors, Messrs Ashok Kedia & Company, Chartered Accountants, confirming compliance with the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges is annexed.

**FOUNDRY FUEL PRODUCTS LIMITED**

Annual Report 2002-2003

**REFERENCE TO AAIFR**

Your Company has filed an application with the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) to stay the proceedings of the order passed by the Board for Industrial and Financial Reconstruction (BIFR) for the winding up of the Company and the AAIFR has accepted your Company's application in which your Company suggest certain grounds on the basis of which the Company can yield better results in the coming years. The case is still pending for necessary direction from the AAIFR. In the mean time your Directors are taking all possible steps to ensure the viability of the Company in the coming years.

**CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Your Company used electricity as the only form of energy, the consumption of which is very minimal. No such technology absorbed by the Company during the period under review. There is no other information under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 to be furnished.

**PARTICULARS OF EMPLOYEES**

During the year under review none of the employees of the Company was paid remuneration over the limit prescribed under Section 217 (2A) of the Companies Act, 1956.

**APPRECIATION**

Your Directors wish to place on record their appreciation of the dedication and commitment of employees of the company.

Your Directors express their gratitude to the Central and State Governments, the Company's bankers, Financial Institution, and the shareholders for their continued Co-operation and guidance.

**For and on behalf of the Board**

8, Waterloo Street  
Kolkata - 700 069  
19th August, 2003

**D. K. AGARWALLA**  
Chairman

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Company's performance during the year ended 31<sup>st</sup> March, 2003 and the Management's views on future outlook are discussed below:

The year saw reduction in GDP and a slow growth in Indian economy, pulled down by a sharp contraction in the Agricultural sector, which registered a negative growth compared with the previous year. The Manufacturing & Services sectors recovered smartly from last year's recession. Industrial production grew by 5.7 percent compared to 2.7 percent in the previous year.

The Government of India through its earlier policies and regulations had discouraged setting up of indigenous coke industries due to the reduction in the landed price of imported low ash coal and custom duty thereon which made Low Ash Metallurgical Coke (LAMC) from imported coal competitive to LAMC manufacturers by high ash coal available indigenously. Since the Coal India Limited is the sole supplier of indigenous Coal, the main raw material, any changes in Government policies affecting coal prices may have an impact in the workings of the Company. Cut throat competition, sluggish demand and a recessionary trend in the economy have dealt a severe blow to the Company's workings.

A number of large public sector unit in India are also importing coal as the quality of imported coal is better than indigenous. The quality of imported coal is better due to the reason that the coal produced by them are of good quality and not regulated by their Government.

The demand for indigenous coal declined because of low grade coal supplied by the Government Undertaking - BCCL, who is the sole supplier of indigenous coal and have the monopoly in regulating the price and allotment of coal.

Your Company is not free while competing with the indigenous industries as well as with imported Coal. In between these limiting factors your company make losses.

Your Company's integrated plants are well in operation to manufacture LAMC with a coal washery. There is a large demand & supply gap for LAMC being consumed in steel, foundries & chemical industries. Your Company has further taken adequate steps in achieving high levels of production with quality improvements. Thus we see an opportunity for better than



---

**FOUNDRY FUEL PRODUCTS LIMITED**

---

Annual Report 2012-13

Industry realization by focusing-on top quality production. Increasing imports of coal and better quality production of LAMC are major threats that the Company will face. Your Company perceives that unfavourable and unclear Government policies as the major risk that confronts your Company and the coke Industry. Your Company also during the year perceives a tight cash flow and its subsequent impact on meeting of commitments to long term debts of Financial Institution as a major concern.

Your Company has adequate internal control systems, commensurate with its size of operations and nature of its business and works in a highly automated environment. The Statutory Auditors have certified in their audit report that the internal control procedure are adequate and commensurate with the size of the company and nature of its business.

The Company suffered a loss of Rs.193.26 Lakhs during the year. The main factors responsible for continued loss for several years were poor price realization, imported good quality coal at a very low price and depressed market conditions. It appears that the tight financial conditions will continue during the year also.

Your Company's constant endeavour has been to attract human potential by developing human values. Your Company has during the previous year continued to have good industrial relations with its workers and employees at all levels.

Statement in the Management Discussion and Analysis describing the Company's objectives, strengths, estimates, projections, expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. The economic conditions in which the Company operates, changes in Government regulations, other statutes and other incidental factors including the order to be passed by the AAIFR could make a difference to the Company's workings is regarded as important factors.

**FOUNDRY FUEL PRODUCTS LIMITED**

Annual Report 2002-2003

**REPORT ON CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with Stock Exchanges the following is a report on Corporate Governance Code as implemented by your company:

**1. Company's Philosophy on Corporate Governance**

The Company's view on Corporate Governance includes the responsibility and accountability of the Board of Directors, meetings of the Directors on the Board of the Company and Committees thereon, providing maximum possible information to the shareholders etc. It is therefore, committed to serve fairly and in proper balance the interests of all groups associated with the business - customers, employees, suppliers, government and the society in which it conducts its business.

The Company maintains high moral and ethical standards to reflect honesty, integrity, impartiality, reliability and forthrightness in all relationships.

**2. Board of Directors**

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company and as trustees of stake holders.

**Composition and Status of Directors**

The Board of Directors consists of the Executive Chairman Mr. D.K. Agarwalla and four other Directors having considerable experience in the field of coke, coal and allied matter. Out of the total five Directors, three are Non-Executive and Independent Directors. Particulars of Directors as on 19<sup>th</sup> August, 2003 are given below:-

Director	Designation	Category	No. of other Directorship held (*)	Committee Membership held in other Companies	
				Member	Chairman /M.D.
Mr D K Agarwalla	Executive Chairman	Executive	1	—	—
Mr N K Agarwalla	M.D.	Executive	1	—	—
Mr B M Todi	Director	Non-Executive/Independent	1	—	—
Mr Pramod K Agarwalla	Director	Non-Executive/Independent	—	—	—
Mr D D Sharma	Director	Non-Executive/Independent	—	—	—

\*Excludes Directorships in Private Limited Companies, Membership of Managing Committee of Chamber of Commerce/Professional Bodies, Co-operatives and clubs.

**Note:** Messrs B.M. Todi & D.D. Sharma joined the Board on 27<sup>th</sup> March, 2003.