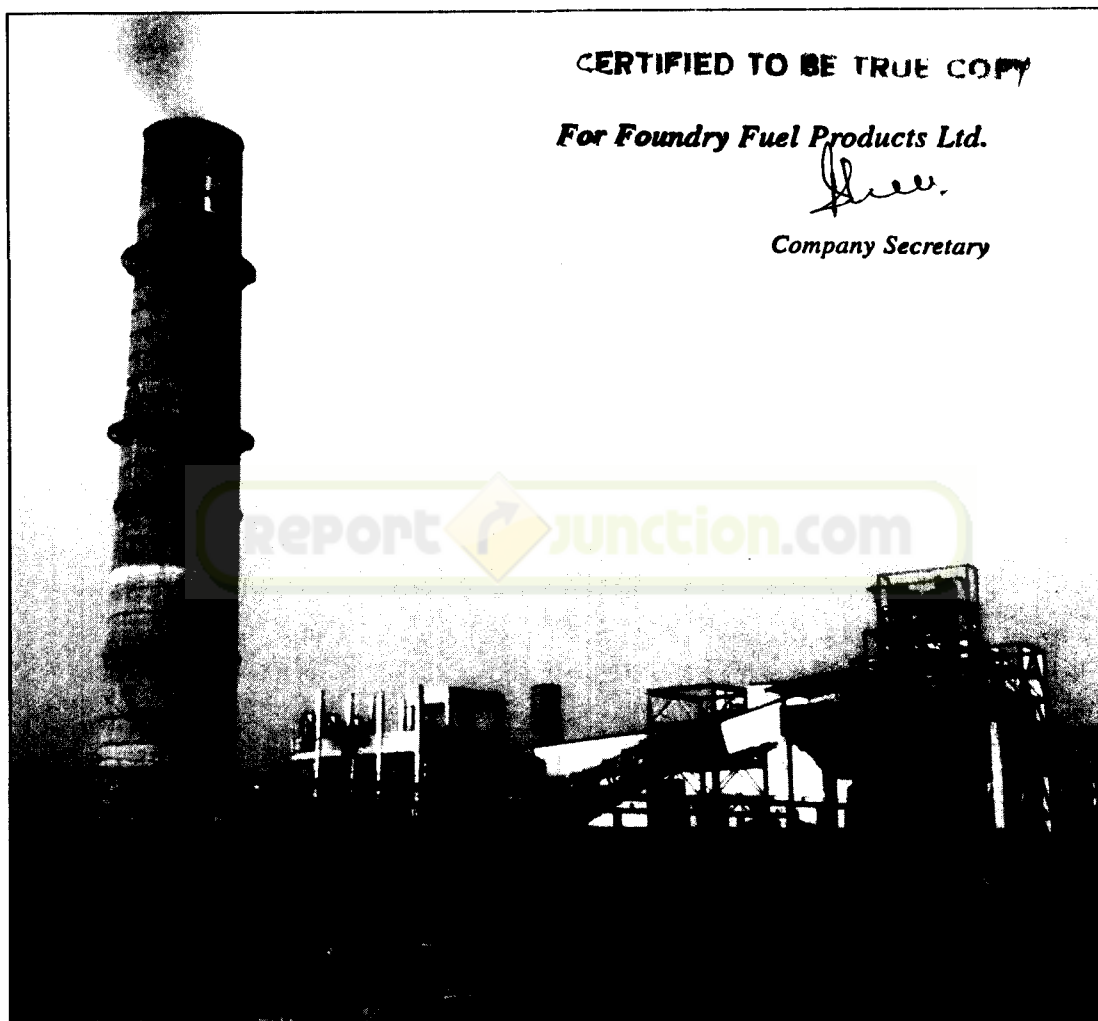


# ANNUAL REPORT 2003-2004



CERTIFIED TO BE TRUE COPY

*For Foundry Fuel Products Ltd.*

*Company Secretary*

## FOUNDRIY FUEL PRODUCTS LIMITED

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**FOUNDRY FUEL PRODUCTS LIMITED**

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Annual Report 2003-2004

**CHAIRMAN & MANAGING DIRECTOR**

D. K. Agarwalla

**DIRECTORS**

M. K. Agarwalla

Y. K. Agarwalla

P. K. Kajaria

Sanjay Todi

Brij Mohan Todi

S. K. Kedia

**COMPANY SECRETARY**

R. K. Sahoo

**AUDITORS**

Ashok Kedia & Company

Chartered Accountants

4, Gangadhar Babu Lane

Kolkata - 700 012

**BANKER**

State Bank of India

HDFC Bank

**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**

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**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Fortieth Annual General Meeting of the Members of Foundry Fuel Products Limited will be held at "MAHAJATI SADAN" (Annex Building), 166, Chittaranjan Avenue, Kolkata-700 007 on Monday, the 27th September, 2004 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, 2004, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Brij Mohan Todi, who retires by rotation and, being eligible offers himself for reappointment.
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 Shri Santosh Kumar Kedia 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 Shri Mahendra Kumar Agarwalla 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 an Ordinary Resolution: -  
"RESOLVED that Shri Yogendra Kumar Agarwalla be and is hereby appointed a Director of the Company liable to retire by rotation."
7. To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution: -  
"RESOLVED that Shri Pradeep Kumar Kajaria be and is hereby appointed a Director of the Company liable to retire by rotation."
8. To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution: -  
"RESOLVED that Shri Sanjay Kumar Todi be and is hereby appointed a Director of the Company liable to retire by rotation."

**FOUNDRY FUEL PRODUCTS LIMITED****Annual Report 2003-2004**

9. 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."

10. 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 provisions of Sections 198,269,309 read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, the Company hereby approves the appointment of Mr. Devendra Kumar Agarwalla as Chairman & Managing Director of the Company for a period of five years with effect from 5th April, 2004 including remuneration upon the terms and conditions set out in the Agreement to be made between the Company of the One Part and Mr. Devendra Kumar Agarwalla of the Other Part, a draft of which initialled by the Chairman is placed before the meeting and authorizing the Board to alter or vary the same with its liberty and the earlier agreement made stands modified and/or terminated on and after such appointment."

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

"RESOLVED that the vacancies caused on the Board of Directors of the Company due to the resignation of Messrs N.K. Agarwalla, D.D. Sharma, Pramod K. Agarwalla & Om Prakash Agarwalla, Directors be not filled."

**By Order of the Board of Directors  
For Foundry Fuel Products Ltd.**

8, Waterloo Street  
Kolkata -700 069  
24th June, 2004

**( R. K. SAHOO )  
Company Secretary**

**FOUNDRY FUEL PRODUCTS LIMITED****Annual Report 2003-2004****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, 2004 to 27th September, 2004, both days inclusive.
3. An Explanatory statement as required under Section 173 (2) of the Companies Act, 1956 is attached.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956: -****Item Nos. 4, 5, 6, 7 & 8**

Pursuant to Article 81 of the Articles of Association of the Company, Mr. Santosh Kumar Kedia was appointed as an Additional Director of the Company on 18th March, 2004 and Messrs M. K. Agarwalla, Y. K. Agarwalla, P. K. Kajaria and Sanjay Todi were appointed Additional Directors of the Company with effect from 5th April, 2004. Under the said Article read with Section 260 of the Companies Act, 1956 ("the Act"), all the Additional Directors 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. Santosh Kumar Kedia and Messrs M. K. Agarwalla, Y. K. Agarwalla, P. K. Kajaria and Sanjay Todi as Directors of the Company. Mr. Santosh Kumar Kedia and Messrs M. K. Agarwalla, Y. K. Agarwalla, P. K. Kajaria and Sanjay Todi 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. Santosh Kumar Kedia and Messrs M. K. Agarwalla, Y. K. Agarwalla, P. K. Kajaria and Sanjay Todi will be beneficial to the Company and accordingly recommends the acceptance of the resolutions set out in item nos. 4, 5, 6, 7, and 8 of the convening notice.

Mr. Santosh Kumar Kedia and Messrs M. K. Agarwalla, Y. K. Agarwalla, P. K. Kajaria and Sanjay Todi 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. 9**

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.

**FOUNDRY FUEL PRODUCTS LIMITED****Annual Report 2003 2004**

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.

**Item No. 10**

Mr. Devendra Kumar Agarwalla (Mr. D.K. Agarwalla) is associated with the Company since incorporation and have a good knowledge of the business of the Company. Mr. D. K. Agarwalla was appointed as the Executive Chairman of the Company with effect from 15th December, 2000 for a period of Five Years. The Service Agreement entered into between the Company and Mr. D.K. Agarwalla will be terminated on 5th April, 2004 and a fresh agreement will be entered into for his appointment to the Office of the Chairman & Managing Director of the Company with effect from 5th April, 2004. His appointment to the office of the Chairman & Managing Director will be beneficial to the Company. Your Directors recommends to appoint Mr. D.K. Agarwalla as the Chairman & Managing Director of the Company for a period of 5 years with effect from 5th April, 2004 including remuneration upon the terms and conditions contained in the Agreement to be entered into by the Company with Mr. D.K. Agarwalla and such appointment is subject to the approval of the members by a Special Resolution.

The draft Agreements, inter alia, contain the following terms and conditions:

1. Mr. Devendra Kumar Agarwalla as the Chairman & Managing Director shall, subject to the supervision, conduct and control of the Board of Directors, carry out such duties entrusted to him and manage the business and affairs of the Company.
2. Details of remuneration including perquisites to Sri D.K. Agarwalla as the Chairman & Managing Director:

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A. Salary	: Rs.40,000/- (Rupees Forty Thousand only.) Per Month.
B. Bonus	: As applicable to other officers of the Company.
C. Perquisites	: The Chairman & Managing Director will be entitled to the following perquisites in addition to Salary & Bonus and shall be restricted to an amount equal to the Annual Salary or Rs.3,50,000/- Per Annum whichever is less .

**PART- I**

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|------------|---|
| i) Housing | : Free unfurnished residential accommodation will be provided. In case the Company does not provide residential accommodation to the Chairman & Managing Director, house rent allowance equivalent to 40% of the Salary may be paid by the Company to the Chairman & Managing Director. The |
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**FOUNDRY FUEL PRODUCTS LIMITED**

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Company will pay all rents, rates, taxes, electricity and fuel charges and other expenses for the upkeep and maintenance of such accommodation.

**Explanation :** The expenditures for this will be valued as per the Income-tax Rules, 1962.

- ii) Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one Reimbursement month's salary per year and two month's salary in a period of two years.
- iii) LTC : For self and Family once in a year incurred in accordance with the Rules of the Company.
- iv) Club Fees : Fees of Clubs subject to maximum of two clubs, admission and life membership fees not being allowed.
- v) Personal Accident Insurance : Premium not to exceed Rs. 4,000/- per annum.

**NOTE:** For the purpose of perquisites stated hereinabove, 'Family' means the spouse, the dependent children and dependent parents of the appointee.

**PART- II**

- i) Gratuity : One half month's Salary for each Completed year of service as per Company's Rules .
- ii) Privilege Leave : Not exceeding one month on full pay and allowance in each year.
- iii) Other Benefits : Benefits under loan and other benefits scheme, privileges and amenities as are granted to the other officers of the Company's practice and rules and regulations on force from time to time.

**PART- III**

- i) Car : Free use of car with Driver. Use of Car for purpose shall be billed by the Company to Sri D.K.Agarwalla.
- ii) Telephone : Free use of telephone facility at residence. Personal long distance Calls shall be billed by the Company to Sri D. K. Agarwalla.

In addition to the remuneration, the Chairman & Managing Director will be entitled to reimbursement of actual monies expended on official entertainment and other expenses incurred in connection with the business of the Company. However, the aforesaid remuneration including perquisites shall be paid subject to terms and conditions, laid down in Part-II of Schedule XIII of the Companies Act, 1956.

The terms and conditions of appointment as set out in the draft agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), or any amendments made thereto.



**FOUNDRY FUEL PRODUCTS LIMITED**

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Apart from the above, the aforesaid draft Agreements proposed to be entered into with Mr. D.K. Agarwalla also set out the mutual rights and obligations and other administrative details as well as provisions for termination of the Agreements in certain circumstances and for reference to arbitration in the event of any dispute arising out of the Agreements. The agreement may be terminated by either party by giving to the other party six months' Notice.

In the event the Central Government revises the terms and conditions including the remuneration to the Whole Time/ Managing Director of a Company by bringing changes in the provisions contained in Schedule-XIII of the Companies Act, 1956. The Company will favourably consider such revised terms and conditions to bring effectively the changes in the remuneration of Mr. D.K. Agarwalla.

The Board of Directors reserves the right to alter or vary the Terms and Conditions of appointment subject to applicable provisions of the Companies Act, 1956.

The appointment of Mr. D.K. Agarwalla as the Chairman & Managing Director of the Company is also subject to the approval of the members by a special resolution.

The resolutions under Item No. 10 of the notice are intended for the aforesaid purpose and the Board recommends their acceptance.

A copy each of the draft Agreements referred to in the resolutions will be available for inspection by the members of the Company at its Registered Office on any working day prior to the date of the Meeting between 10 A.M. and 12 Noon and will also be available at the Meeting.

No Director other than Mr. D.K. Agarwalla may be deemed to be concerned or interested in the Resolution.

This may be treated as notice under Section 302 of the Companies Act, 1956.

**Item No. 11**

Messrs. N.K. Agarwalla and D.D. Sharma were resigned from the Board with effect from 18<sup>th</sup> March, 2004 and Messrs. O.P. Agarwalla & Pramod K. Agarwalla were resigned from the Board with effect from 5<sup>th</sup> July, 2004 due to their personal reasons. The Board puts on record its deep appreciation of the valuable services rendered by Messrs N.K. Agarwalla, D.D. Sharma, O.P. Agarwalla & Pramod K. Agarwalla during their tenure as Directors of the Company. The Board is of the view that the vacancies caused on the Board of the Company due to the resignation of Messrs N.K. Agarwalla, D.D. Sharma, Pramod K. Agarwalla & Om Prakash Agarwalla, may not be filled at present.

The provisions of Companies Act, 1956 provides for a resolution to be passed by the shareholders in forthcoming Annual General Meeting if the vacancies to be caused by the resignation of Directors are not intended to be filled.

None of the Directors of the Company is concerned or interested in the said resolution.



**FOUNDRY FUEL PRODUCTS LIMITED****Annual Report 2003-2004****DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Annual Report together with the Audited Accounts for the year ended 31st March, 2004.

**FINANCIAL RESULTS**

		<u>Rs.</u>
Profit before depreciation, interest & tax		4,52,84,989
Less: Interest	Rs. NIL	
Depreciation	Rs. <u>58,98,108</u>	<u>58,98,108</u>
Profit before taxation		3,93,86,881
Less: Provision for deferred tax(Liability)/Assets		<u>(1,65,20,711)</u>
Profit for the year		2,28,66,170
Less: Amount of loss brought forward from last year		<u>11,63,43,171</u>
Balance of loss carried forward		<u>9,34,77,001</u>

**PERFORMANCE & PROSPECTS**

There was buoyancy in the hard coke industry. Although the market was good enough but your Company could not do well due to working capital shortage. During the year under review, turn-over of your Company increased by nearly 100 percent to Rs. 12.20 Crores against Rs. 6.23 Crores in last year. The Company earned a profit of Rs.228.66 Lacs for the year against the loss suffered by the Company of Rs.193.26 Lacs in the previous year, basically due to the waiver of interest amount charged on loans taken from the State Bank of India (SBI) according to the Compromise Settlement with the SBI. The Company is in the process of settling the dues of the Industrial Development Bank of India (IDBI). The accumulated losses of the Company reduced to Rs.935 lacs. The Company is in a position of working capital shortage. Cut throat competition, sluggish demand and a growth trend in the economy have shown a mixed workings of the Company.

The situation for the current year is encouraging till now. The Company will achieve the turn-around and will be debt free within the financial year 2004-2005. The Company's results in the coming years will be laudable.

**FOREIGN EXCHANGE EARNING AND OUTGO**

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

**DIVIDEND**

In view of the huge accumulated losses from the previous years, your Directors regret to recommend a dividend.

**FOUNDRY FUEL PRODUCTS LIMITED**

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**DIRECTORS**

Mr. Santosh Kumar Kedia has been inducted into the Board of the Company as Additional Director with effect from 18th March, 2004 and he will hold office till the date of the next Annual General Meeting and Messrs M. K. Agarwalla, Y. K. Agarwalla, P. K. Kajaria and Sanjay Todi have been inducted into the Board of the Company as Additional Directors with effect from 5th April, 2004 and they will hold office till the date of the next Annual General Meeting. However, notices under Section 257 of the Companies Act, 1956 have been received from members proposing resolution for appointment of Mr. Santosh Kumar Kedia and Messrs M. K. Agarwalla, Y. K. Agarwalla, P. K. Kajaria and Sanjay Todi as Directors liable to retire by rotation. Mr. Brij Mohan Todi who retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

Messrs. N. K. Agarwalla and D. D. Sharma were resigned from the Board with effect from 18<sup>th</sup> March, 2004. The Board puts on record its deep appreciation of the valuable services rendered by Messrs N.K. Agarwalla & D.D. Sharma during their tenure as Directors of the Company. The Board is of the view that the vacancies caused on the Board of the Company due to the resignation of Messrs N.K. Agarwalla & D.D. Sharma may not be filled at present.

**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 Profit 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.