

ANNUAL REPORT 2006-2007



FOUNDRY FUEL PRODUCTS LIMITED



FOUNDRY FUEL PRODUCTS LIMITED **ANNUAL REPORT 2006-2007**

BOARD OF DIRECTORS

D. K. Agarwalla

- *Chairmain & Managing Director*

N.K. Agarwalla

Brij Mohan Todi

S. K. Kedia

Promod Kr. Agarwalla

COMPLIANCE OFFICER

B. Sharma

AUDITORS

Ashok Kedia & Company

Chartered Accountants

4, Gangadhar Babu Lane

Kolkata - 700 012

BANKER

HDFC Bank

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



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 43rd 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 29th September, 2007 at 10.00 A.M. to transact the following: -

AS ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 31st March, 2007 and the Profit & Loss Account 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. Santosh Kumar Kedia, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nandan Kumar Agarwalla, who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

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

"RESOLVED that the vacancy caused on the Board of Directors of the Company due to the resignation of Mr. Adarsh Agarwalla, Director be not filled."

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) consent of the Company be and is hereby accorded to the Board of Directors of the Company for lease/mortgaging and/or charging on such terms and conditions and at such time or times, and in such form and manner, as it may think fit, the whole or substantially the whole of the Company's any one or more of the undertakings, or all the undertakings including the present and/or future properties, whether movable or immovable, tangible or intangible comprised in any existing or new undertaking or undertakings of the Company, as the case may be, in favour of the Lenders, Agents and/or Trustees for securing the long term, short term and medium term borrowings or the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/

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or secured premium notes and/or floating rate notes/bonds or other debt instruments) issued/to be issued by the Company including deferred sales tax loans availed/to be availed by various divisions/units of the Company, from time to time, subject to the limits approved/as may be approved by the members under Section 293(1)(d) of the Companies Act, 1956 as also the interest on the principal amounts at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, premium (if any) on redemption, remuneration of agent(s)/trustee(s), all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/ fluctuation in the rates of exchange and all other monies payable by the Company in terms of loan agreement(s), heads of agreement, debenture trust deed (s) and/or any other deed(s) or document(s) entered into / to be entered into between the Company and the lender(s) / agent(s) / Trustees / state government(s) / agency(ies) representing various state government(s) and/or other agencies etc. in respect of the said loans/borrowings/debentures/ securities/deferred sales tax loans and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors of the Company (including any Committee thereof) and the lender(s)/ agents(s) trustee(s)/state government(s)/agency(ies), etc.

RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank prior/pari passu/subservient with/to the mortgages and/or charges already created or to be created in future by the Company or in such other manner and ranking as may be through expedient by the Board of Directors or its Committee and as may be agreed to between the concerned parties.

RESOLVED FURTHER that the Board of Directors or its Committee or persons authorized by the Board, be and is/are hereby authorized to negotiate, finalise, settle, sign and execute any and all applications, agreements, documents, deeds, writings and papers as may be necessary for creating the mortgages and/or charges as aforesaid and to do all such acts, deeds, matters and things as it/they may, in its/their absolute discretion consider necessary, desirable or expedient for implementing this resolution and to resolve any question, difficulty or doubt relating thereto, or otherwise considered to be in the best interest of the Company."

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

8, Waterloo Street
Kolkata - 700 069
31st August, 2007

**(D.K. AGARWALLA)
CHAIRMAN & MANAGING DIRECTOR**

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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 48 hours before the meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September, 2007 to 29th September, 2007, both days inclusive.

3. An Explanatory statement as required under Section 173 (2) of the Companies Act, 1956 is attached herewith.

4. 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 .

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956: -

Item No. 5

Mr. Adarsh Agarwalla was resigned from the Board with effect from 05.05.2007 due to his personal reasons. The Board puts on record its deep appreciation of the valuable services rendered by Mr. Adarsh Agarwalla during his tenure as Director of the Company. The Board is of the view that the vacancies caused on the Board of the Company due to the resignation of Mr. Adarsh 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 vacancy to be caused by the resignation of Director is not intended to be filled.

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

Item No. 6

The Board of Directors of the Company, inter-alia, felt that it is essential to give on lease the entire factory to the persons as the Board think fit for the betterment of the Company. The Board of Directors of the Company shall not, except with the consent and approval of the Members of the Company, lease out the whole, or substantially the whole, of the undertaking of the Company. Pursuant to the provisions of Section 293(1) (a) of the Companies Act, 1956, member's approval is required for the said purpose.

The Board commends the Ordinary Resolution set out in Item no. 6 of the Notice for your approval.

No Director of the Company is, in any way, concerned or interested in the resolution.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report together with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

Rs.

Loss before depreciation, interest & tax 1211925

Add: Interest Rs. Nil

Depreciation Rs. 2407032

2407032

Loss before taxation 3618957

Add: Provision for Deferred Tax

Assets (Liability) Rs. 22913095

FBT Rs. 1186

22914281

Less : Express provision on FBT W/Back 1405 22912876

Loss for the year 22531833

Add: Amount of loss brought forward from last year 30693203

Balance of Loss Carried Forward 57225036

**FOUNDRY FUEL PRODUCTS LIMITED ANNUAL REPORT 2006-2007****PERFORMANCE & PROSPECTS**

There was buoyancy in the hard coke industry. Although the market was not so good enough hence your Company could not do well due to working capital shortage. During the year under review, revenue from operations of your Company decreased by nearly 1135 % to Rs. 16 Lacs. The Company incurred a loss of Rs.12.12 Lacs before providing for depreciation, interest & tax. The accumulated losses of the Company increased to Rs.572.25 Lacs. Your Company is in a position of extreme working capital shortage for which the operation of the Company was very low. Cut throat competition, sluggish demand and a growth trend in the economy have shown a mixed workings of the Company.

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.

DIRECTORS

Mr. S.K. Kedia & Mr. Nandan Kumar Agarwalla, retires by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Adarsh Agarwalla was resigned from the Board with effect from 05.05.2007 The Board puts on record its deep appreciation of the valuable services rendered by Mr. Adarsh Agarwalla during his tenure as Director of the Company.

AUDITORS

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

**FOUNDRY FUEL PRODUCTS LIMITED ANNUAL REPORT 2006-2007****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, 2007 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.

PROMOTERS

The Promoters of the Company infused Unsecured Loans for workings of the company. The management of the Company had leased out the plant during the period under review & also going to enter into an agreement to lease out the plant to the prospective party for the period.

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 from Practising Company Secretary,

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Messrs D. Raut & Associates, Company Secretaries, 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.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Your Company used D.G. Set 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 in 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

(D.K.AGARWALLA)

Chairman & Managing Director

8, Waterloo Street
Kolkata - 700 069
31st August, 2007

**FOUNDRY FUEL PRODUCTS LIMITED ANNUAL REPORT 2006-2007****MANAGEMENT DISCUSSION AND ANALYSIS**

The Company's performance during the year ended 31st March, 2007 and the Management's views on future outlook are discussed below:

This report contains forward looking 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 which are based on assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.

During the year under review the overall economy performed well and the GDP registered a growth rate of around 8 %. The index of industrial production increased by 7.8 % in the year compared to 8.3 % in the previous year. The global economy too maintained a healthy pace of growth during the year under review despite higher oil prices.

The year saw a mixed results in the Coke market and a slow growth in Indian economy. The Manufacturing & Services sectors recovered smartly from last year's recession. Industrial production grew compared to the previous year.

The Government of India through its earlier policies and regulations have 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. Due to cut throat competition and working capital shortage your Company could not do well during the year under review.

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 coals 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