

ANNUAL REPORT 2007-2008



FOUNDY FUEL PRODUCTS LIMITED

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 44th 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 Monday, the 29th September, 2008 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, 2008 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. Brij Mohan Todi, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pramod 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 a Special Resolution: -

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force) and **subject to the approval of the Appellate Authority for Industrial & Financial Reconstruction/ Board for Industrial & Financial Reconstruction (AAIFR/BIFR)** and in accordance with the existing guidelines, rules and regulations of the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India, the Government of India and all other applicable Acts, Rules, Regulations, Guidelines, if any and enabling provisions in the Listing Agreements and the Memorandum and Articles of Association of the Company (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force) entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such terms, conditions and modifications as may be considered appropriate and determined by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any Committee thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, may be / have been delegated) and subject also to such approvals, consents, permissions or sanctions (including any conditions thereof, or modifications to the terms contained therein), if any, of the appropriate authorities, as may be required and/or such terms and conditions, as may be prescribed while granting such con-



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sents and approvals and which may be agreed to by the Board, the Board of the Company be and is hereby authorised to issue and allot by conversion of unsecured loan of Rs. 95,00,000/- (Rupees Ninety Five Lacs only) on a-preferential basis, subject to the approval of the AAIFR/ BIFR, into 9,50,000 Equity Shares of Rs.10/- each (at par) to be issued and allotted to Mr. D.K. Agarwalla, the Promoter/Director of the Company and/or to such other persons/ entities on such terms as may be deemed appropriate by the Board of Directors of the Company.

“RESOLVED FURTHER THAT the Relevant Date in relation to the above-mentioned Preferential Issue of Warrants for the purpose of determining the issue price under the SEBI Guidelines shall be the **28th day of August, 2008.**”

“RESOLVED FURTHER THAT the securities mentioned hereinabove shall be issued, subject to lock-in for a period of three years in respect of the above said allotment.”

“RESOLVED FURTHER THAT to the extent permitted as per the existing provisions of law in this regard all the Equity Shares to be allotted in preferential allotment shall rank pari-passu in all respects with the then existing Equity Shares including dividend entitlement.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilization of the proceeds of the issue of the Equity Shares and further to do all such acts, deeds, matters and things to finalize and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to accept such amendments, modifications, variations and alterations as the Government of India, SEBI, Reserve Bank of India, Financial Institutions or Stock Exchanges may stipulate in that behalf.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the Equity Shares to be issued and allotted under the Preferential Issue on one or more recognized Stock Exchanges, where the Company's shares are listed, as per the terms and conditions of the Listing Agreement with the Stock Exchanges concerned, and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman or any other Director(s) or Officer(s) or Constituted Attorney of the Company to give effect to the aforesaid resolution.”

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

8, Waterloo Street
Kolkata -700 069
4th September, 2008

**(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 26th September, 2008 to 29th September, 2008, 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

The demand for the coal is increasing in the country. The Company aims to actively pursue growth opportunities in the fast growing private sector.

Your Board proposes to issue on preferential basis 9,50,000 equity shares @ Rs.10/- each at par of the Company by conversion of unsecured loan of Rs.95,00,000/- (Rupees Ninety Five Lacs only) taken from Mr. D.K. Agarwalla, Promoter-Director of the Company and such conversion is subject to the approval of the Appellate Authority for Industrial & Financial Reconstruction/ Board for Industrial & Financial Reconstruction (AAIFR/BIFR) the application of which is pending for approval. The conversion of unsecured loan into equity shares shall also be in terms of the Guidelines issued by the Securities and Exchange Board of India, as in force on the date of this Notice. The said equity shares to be issue will be pari-passu in all respect including dividend, rights & bonus of the Company.

The conversion of unsecured loan of Rs. 95,00,000/- into 9,50,000 equity shares of the company shall be issued to Mr. D.K. Agarwalla at a price of Rs. 10/- per equity share determined as per the SEBI Guidelines for preferential allotment with respect to the Relevant Date, i.e. 28th August, 2008 comes to below Rs.10/- per Equity Share.

The securities issued under the above preferential issue shall be locked – in for a period of three years in respect of allotment to promoters from the date of allotment. The securities shall be non-tradable during the lock-in period. However, the *inter se* transfer amongst the promoters shall be permissible during the continuance of the lock-in period, provided that the securities so transferred shall remain under lock-in upto the period specified hereinabove.

Disclosure required to be made in the Explanatory Statement pursuant to the provisions of SEBI (Disclosure and Investor Protection) Guidelines, 2000 are set out below :

OBJECTS OF THE ISSUE THROUGH PREFERENTIAL OFFER

- a) To convert unsecured loan into equity, taken for day to day working capital purposes.
- b) To augment long term resources by infusing fresh equity.
- c) To raise funds for corporate actions viz., Capital Expenditure and general Corporate purposes.

INTENTION OF THE PROMOTER/TO SUBSCRIBE TO THIS OFFER

Conversion of unsecured loan taken from the promoter viz., Mr. D.K. Agarwalla to whom 9,50,000 equity shares of the Company will be issued.



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SHAREHOLDING PATTERN BEFORE AND AFTER THE OFFER

The information on shareholding pattern before and after the offer is as follows :

Name of the Shareholders	Pre Issue Shareholding (As on 28.08.2008)		Post Issue Shareholding (after conversion of loan)	
	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
A. Promoters' Holding				
(a) Indian Promoters				
i) Mr. D.K. Agarwalla	52,000	0.86	10,02,000	14.25
ii) Others	23,66,500	38.93	23,66,500	33.67
Sub Total (A)	24,18,500	39.79	33,68,500	47.92
B. Non-Promoters' Holding				
(a) Mutual Funds & UTI	NIL	NIL	NIL	NIL
(b) Banks, FIs, Insurance and Institutions	1,200	0.02	1,200	0.02
Sub Total (B)	1,200	0.02	1,200	0.02
C. Others				
(a) Other Corporate Bodies	5,73,161	9.43	5,73,161	8.15
(b) Indian public	30,85,839	50.76	30,85,839	43.91
(c) NRIs/ OCBs / FIs	NIL	NIL	NIL	NIL
Clearing Members	NIL	NIL	NIL	NIL
Sub Total (C)	36,59,000	60.19	36,59,000	52.06
Grand Total (A+B+C)	60,78,700	100.00	70,28,700	100.00

CONSEQUENTIAL CHANGES IN THE VOTING RIGHTS

Voting rights will change in tandem with the shareholding pattern.

PROPOSED TIME WITHIN WHICH THE ALLOTMENT SHALL BE COMPLETED

The Board proposes to allot the equity shares after conversion of loan into Equity Shares within a period of 15 days from the date of passing of the resolution/subject to the approval of AAIFR/BIFR, provided that where this allotment on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of such approval.

THE IDENTITY OF THE PROPOSED ALLOTTEE AND THE PERCENTAGE OF POST PREFERENTIAL ISSUE CAPITAL THAT MAY BE HELD BY HIM

Sl. No	Name & Category of the Proposed Subscriber	Pre Issue Holding		Post Issue Holding After congersion of loan Into Equity Share	
		Number	%	Number	%
I	Promoter (a) Mr. D. K. Agarwalla	52,000	0.86	10,02,000	14.25

Presumptions :-

1. All the shares as are offered to the proposed allottee are fully subscribed as conversion of loan.

2. Mr. D.K. Agarwalla, the Chairman & Managing Director of the Company to whom the above shares issued on conversion of loan into Equity Shares under preferential issue are proposed to be allotted subject to the approval of AAIFR/BIFR, and accordingly, may be deemed to be concerned or interested in the said resolution. Apart from him, none of the Directors of the Company is, in any way, concerned or interested in the said resolution, excepting as shareholders, if any.

Your Directors, therefore, recommend the said special resolution at Item No. 5 for your approval.



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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, 2008.

FINANCIAL RESULTS

	Rs.
Loss before depreciation, interest & tax	14,65,535
Less: Interest	Rs. Nil
Depreciation	<u>Rs. 23,69,468</u>
	<u>23,69,468</u>
Loss before taxation	9,03,933
Less: Excess provision of FBT W/B	Rs. 1,360
FBT	<u>Rs. 1,742</u>
	<u>3,102</u>
Loss for the year	9,07,035
Add: Amount of loss brought forward from last year	<u>5,72,12,216</u>
Balance of Loss Carried Forward	<u>5,81,19,251</u>

PERFORMANCE & PROSPECTS

There was buoyancy in the hard coke industry. Your Company could not do well due to working Capital shortage. During the year under review, revenue from operations of your Company increased by nearly 71 % to Rs. 27.63 Lacs compared to Rs. 16.19 Lacs of the last year. There is decline in the loss of the company comparing to the previous year. During the period under review your company has recorded a loss of Rs. 9.07 Lacs. The accumulated losses of the Company increased to Rs. 581.19 Lacs. Your Company is in a position of extreme working capital shortage for which the operation of the Company was very low. Your plant has been given on rent to outside parties.

The situation for the current year is not encouraging till now. The Company has eroded more than 50 % of its networth during the period under review. Your Company was debt free within the financial year 2004-2005 by paying all dues to the IDBI and SBI in One Time Settlement and Compromise Settlement respectively but your Company was not withdrawn from BIFR/AAIFR since then though application for withdrawing the name was made to AAIFR/BIFR. Your Board of Directors taking into accounting the pending application with BIFR/AAIFR and are approaching for proper course. The Company's results in the coming years will be laudable.



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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 year's, your Directors regret to recommend a dividend.

DIRECTORS

Mr. B.M. Todi & Mr. Pramod Kumar Agarwalla, retires 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 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 fresh Unsecured Loans for day to day workings of the company and also for part financing the rehabilitation scheme and follow up with State Government and various relevant State Government authorities for grant of relief and concessions. Your Promoters are ready to bring in additional interest-free unsecured loans to meet all the unprovided and contingent liabilities, if any, as and when crystallized.

ALLOTMENT OF SHARES ON PREFERENTIAL BASIS TO PROMOTER/S

Your Board has recommended resolution to approve the conversion of unsecured loan to equity shares an amount of Rs.95,00,000/- taken from Promoter/s and accordingly proposed to issue and allot 9,50,000 Equity Shares of Rs. 10/- each at par credited as fully paid up in favour of the Promoter/s/ Promoter's



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Group/ Director's/ Director's relatives ranking pari passu in all respects with the existing Equity Share Capital of the Company including dividend, bonus & rights shares of the Company subject to the approval of shareholder's in the ensuing annual general meeting and subject to the approval to be received from the Appellate Authority For Industrial & Financial Reconstruction (AAIFR)/ Board for Industrial and Financial Reconstruction (BIFR).

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, 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
4th September, 2008



MANAGEMENT DISCUSSION AND ANALYSIS

The Company's performance during the year ended 31st March, 2008 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 9 %. 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. There is uptrend in Manufacturing Sector. 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 - BCCL, who is the sole supplier of indigenous Coal and have the monopoly in regulating the price and allotment of coal.