

ANNUAL REPORT

2008-2009



FOUNDRY FUEL PRODUCTS LIMITED



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BOARD OF DIRECTORS

D. K. Agarwalla

- *Chairman & 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 45th 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 19th September, 2009 at 10.30 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, 2009 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.



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

8, Waterloo Street
Kolkata - 700 069
14th August, 2009

(D.K. AGARWALLA)
CHAIRMAN & MANAGING DIRECTOR

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 14th September, 2009 to 19th September, 2009, both days inclusive.
3. 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

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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, 2009.

FINANCIAL RESULTS

		Rs.
Loss before depreciation, interest & tax		4,44,244
Less: Interest	Rs. Nil	
Depreciation	Rs. <u>23,69,511</u>	
		<u>23,69,511</u>
Loss before taxation		19,25,267
Less: Provision of FBT W/B	Rs. 836	
Short Provision of IT	Rs. 1,366	
Short Provision of FBT	Rs. <u>15,729</u>	
		<u>17,931</u>
Loss for the year		19,43,198
Add: Amount of loss brought forward from last year		58,119,251
Balance of Loss Carried Forward		<u>6,00,62,449</u>

PERFORMANCE & PROSPECTS

Your company has posted a lower turnover of Rs. 24 Lacs which is 13% lower than the previous year. Your Company could not do well due to working capital shortage. There is increase in the loss of the company comparing to the previous year. During the period under review your company has recorded a loss of Rs. 19.43 Lacs. The accumulated losses of the Company increased to Rs.600.62 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.

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 BIRF/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 BIFA/AAIFR and are approaching for proper course. The company results in the coming years will be laudable.

**FOUNDRY FUEL PRODUCTS LIMITED****ANNUAL REPORT 2008-2009****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.

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, 2009 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 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.

**FOUNDRY FUEL PRODUCTS LIMITED****ANNUAL REPORT 2008-2009****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.

ACKNOWLEDGEMENT

Your Directors express their appreciation or assistance and co-operation received from Government authorities, banks, vendors, customers and Shareholders of the Company. Your Directors also wish to place on record their sincere sense of appreciation for their continuous support the sincere efforts put in by all employees and workmen in the performance of the Company.

For and on behalf of the Board

(D.K.AGARWALLA)

Chairman & Managing Director

8, Waterloo Street
Kolkata - 700 069
14th August, 2009



MANAGEMENT DISCUSSION AND ANALYSIS

The Company's performance during the year ended 31st March, 2009 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 Indian economy witnessed a slowdown due to the global economy turmoil.

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.

Your Company is not free while competing with the indigenous industries as well as with imported coal. Although the coke market is doing well but your Company's working are below expectation due to working capital shortage & carry forward losses of the previous

**FOUNDRY FUEL PRODUCTS LIMITED****ANNUAL REPORT 2008-2009**

years. 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 Industry realization by focusing on top quality production. Increasing imports of coal and better quality production are major threats that the Company will face. Your Company perceives that stiff competition 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 State Bank of India as a major concern although the Company has settled the dues of the IDBI.

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.

Your Company has again incurred loss of Rs.19.43 Lacs and accordingly the accumulated losses increased to 600.62 Lacs. Your promoters arranged funds for working capital. 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.

Statements 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 2008-2009****REPORT ON CORPORATE GOVERNANCE**

Corporate Governance is the set of policies, processes and practices governing the affairs of a company in pursuit of its business goals. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. As stakeholders across the globe evince keen interest in the practices and performance of companies, Corporate Governance has emerged on the centre stage. Good governance stems from the culture and mindset of the organisation.

Over the years, governance processes and systems have been strengthened and institutionalized at Foundry Fuel Products Limited. Effective implementation of these policies underpins the commitment of the company to uphold highest principles of Corporate Governance consistent with the Company's goal to enhance overall shareholder value.

The Company in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, is in continuous process of updating the principles and practices of Corporate Governance for ensuring and protecting the rights of its shareholders by means of transparency, integrity, accountability, trusteeship and checks at the different levels of the management of the Company. The details of corporate governance systems & processes are enumerated as under:

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The philosophy of the Company on corporate governance envisages attainment of the highest standards of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders. The Company believes that all its actions must focus of enhancing overall shareholders' value. The Directors are committed to serve fairly and in proper balance, the interests of all groups associated with the business viz. investors, 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.

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:

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 stakeholders.



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(a) Composition and Category of Directors

The Board of Directors ("The Board") of the Company consists of 5 (Five) Directors, which constitutes as optimum combination of Executive & Non-Executive Directors, having considerable experience in the field of coke and allied matter.

Particulars of Directors as on 14th August, 2009 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	Chairman & M.D.	Executive	5	1	1
Mr. B.M. Todi	Director	Non-Executive/Independent	-	-	-
Mr. S. K. Kedia	Director	Non-Executive/Independent	-	-	-
Mr. N.K. Agarwalla	Director	Non-Executive/Independent	2	1	-
Mr. Pramod K Agarwalla	Director	Non-Executive/Independent	-	-	-

(*) Excludes Directorships in Private Limited Companies, Membership of Managing Committees of Chamber of Commerce/Professional Bodies, Co-operatives and Clubs.

Board Meetings and Annual General Meeting (AGM)

During the year under review, **Five Board Meetings were held, the dates being 30.04.08, 31.07.08, 04.09.08, 31.10.08 & 31.01.09.**

The last AGM was held on **29th September, 2008**

(b) Details of Attendance of Directors at the Board Meetings:

Director	Board Meetings		Whether attended last AGM
	Held	Attended	
Mr. D. K Agarwalla	5	5	No
Mr. B. M. Todi	5	5	Yes
Mr. S. K. Kedia	5	-	No
Mr. Pramod K Agarwalla	5	5	No
Mr. N. K. Agarwalla	5	5	Yes