

55th
Annual Report
2013-2014



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TRL  ROSAKI



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The Annual General Meeting will be held on Saturday, 6th September, 2014 at our Registered Office, Belpahar at 1.00 p.m.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.

Shareholders are requested to kindly bring their copies to the meeting.

visit us at : www.trlkrosaki.com, E-mail : arabinda@trlkrosaki.com, Tel : +91 6645 258417

Board of Directors

(As on 12th May 2014)

Mr. H. M. Nerurkar (*Chairman*)
Mr. V. S. N. Murty
Mr. Kotaro Kuroda
Mr. Hiroshi Odawara
Mr. Kiyotaka Oshikawa
Mr. Rakesh Kulshreshtha
Mr. Prem Shankar Shrivastava
Mr. Sudhansu Pathak
Mr. Akira Tsuneoka
Mr. Koji Tsuyuguchi
Dr. A. K. Chattopadhyay (*Managing Director*)

Senior Executives

Mr. C. S. Das *Executive Vice President & CFO*
Mr. P. B. Panda *Executive Vice President & COO*
Mr. Sharad K. Sharma *Executive Vice President (Sales & Marketing, ICT)*

Senior Company Secretary

Mr. Arabinda Debta

REGISTERED OFFICE

Belpahar - 768218
Dist. Jharsuguda (Odisha)
Phone No. : 06645-258417
Fax : 06645-250254

BANKERS

Central Bank of India
State Bank of India
HDFC Bank Limited
Mizuho Bank Limited
HSBC Limited

AUDITORS

M/s N.M. Raiji & Co.
Chartered Accountants
Mumbai

Notice

THE FIFTY FIFTH ANNUAL GENERAL MEETING OF TRL KROSAKI REFRACTORIES LIMITED will be held at its Registered Office at Belpahar, Dist: Jharsuguda, Odisha – 768218 on Saturday, the 6th September, 2014, at 1.00 p.m., to transact the following business:

- (1) To consider and adopt financial statement for the financial year ending on 31st March, 2014 and the report of the Board of Directors' and Auditors' thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr. Rakesh Kulshreshtha (DIN: 03196186) , who retires by rotation and is eligible for re-appointment.
- (4) To appoint a Director in place of Mr. V.S.N. Murty (DIN: 00092348), who retires by rotation and is eligible for re-appointment.
- (5) To appoint a Director in place of Mr. Kiyotaka Oshikawa (DIN: 03515516), who retires by rotation and is eligible for re-appointment.
- (6) To appoint Auditors and fix their remuneration.
- (7) Authority to Directors to borrow in excess of the paid-up capital and free reserves.

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

RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of ₹ 400 Crores.

- (8) Creation of Charges.

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

“RESOLVED that pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events in favour of Banks / Financial Institutions, other investing agencies and trustees for the holders of debentures/bonds/other instruments to secure rupee/foreign currency loans and/or the issue of debentures whether partly/ fully convertible or non-convertible and/or securities linked to Ordinary shares and/or rupee/foreign currency convertible bonds and/or bonds with share warrants attached or other instruments (hereinafter collectively referred to as “Loans”) provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption costs, charges, expenses and all other moneys payable by the Company in respect of the said Loans, shall not, at any time exceed the limit of ₹ 400 Crores.

RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.”

By Order of the Board of Directors

(A. Debta)

Senior Company Secretary

Belpahar, 7th August, 2014

Registered Office :

PO : Belpahar, Dist. Jharsuguda
Odisha, Pin : 768218
CIN : U26921OR1958PLC000349
Website : www.trlkrosaki.com

Notes :

- (a) The relative Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under items Nos. 7 & 8 above are annexed hereto. The relevant details of directors seeking appointment / re-appointment under item nos. 3 to 5 above are also annexed.
- (b) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, OR, WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THAT A PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be received at the Company's registered office not less than 48 hours before the meeting. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.**
- (c) Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2007 onwards, are requested to make their claims to the Company accordingly, without any delay.

Annexure to Notice

As required by Section 102 of the Companies Act, 2013 (hereinafter referred to as “the Act”) the following Explanatory Statement set out all material facts relating to the business mentioned under item Nos. (7) and (8) of the accompanying Notice dated 7th August, 2014.

- Item (7):** As per Sec 180(1)(c) of the Companies Act, 2013, the Board of Directors of a Company cannot, except with the consent of the Company in general meeting through special resolution, borrow monies, apart from temporary loans obtained from the Company’s bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company.

Taking into consideration the requirements of additional funds to meet the cost of the Company’s Capital Expenditure Programmes and also working capital requirements of the Company, borrowings of the Company may exceed the paid-up capital and free reserves of the Company. The consent of the shareholders is, therefore, sought in accordance with the provisions of Section 180(1)(c) of the Act, to enable the Directors to borrow monies not exceeding ₹ 400 Crores.

Shareholders at the 50th Annual General Meeting held on Sept 05, 2009 had approved the same resolution under Section 293(1)(d) of the Companies Act, 1956. Ministry of Corporate Affairs, Govt. of India vide General Circular dated 25.03.2014 clarified that the resolution passed under Section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings of the Company will be regarded as sufficient compliance of the requirement of section 180 of the Companies Act, 2013 for a period of one year from the date of notification of the Act. Section 180 of the Companies Act, 2013 notified w.e.f. 12.09.2013 vide Notification F.No.1/15/2013-CL.V. dated 12.09.2013. Thus the earlier resolution approved by the Shareholders is valid upto 11.09.2014. The resolution at Item (7) is to obtain the consent of the shareholders through Special Resolution for this purpose.

None of the Directors, Key Managerial Personnel and their relative is interested or concerned in the resolution.

- Item (8):** As Section 180(1)(a) of the Companies Act, 2013, consent of the shareholders through special resolution is required for the Board of Directors for creation of mortgages, charges and hypothecation of assets of the Company to secure the loans obtained from Banks/Financial Institutions.

To meet the capital expenditure and other requirements and also the increased working capital needs, the Company proposes to obtain in the coming years further financial assistance from Financial Institutions/ Banks/investing agencies by way of loans, issue of debentures/bonds/ other instruments on private placement basis or otherwise as set out in the resolution. The consent of the shareholders is, therefore, sought in accordance with the provisions of section 180(1)(a) of the Companies Act, 2013 to enable the Directors for creation of mortgages, charges and hypothecations of assets of the Company upto a value not exceeding ₹ 400 Crores.

To secure such borrowings, the Company would have to mortgage/charge/hypothecate the assets and properties of the Company, both present and future, as may be required by the lenders.

As the documents to be executed between the Company and the lenders/ trustees for the debentures/bonds /other instruments may contain the power to take over the management of the Company in certain events, it is necessary for the Members to pass a Special Resolution under Section 180(1)(a) of the Companies Act,2013 before creation of the mortgages/charges/hypothecations.

Shareholders at the 50th Annual General Meeting held on Sept 05, 2009 had approved the same resolution under Section 293(1)(a) of the Companies Act, 1956. Ministry of Corporate Affairs, Govt. of India vide General Circular dated 25.03.2014 clarified that the resolution passed under Section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to creation of security on assets of the Company will be regarded as sufficient compliance of the requirement of section 180 of the Companies Act, 2013 for a period of one year from the date of notification of the Act. Section 180 of the Companies Act, 2013 notified w.e.f. 12.09.2013 vide Notification F.No.1/15/2013-CL.V. dated 12.09.2013. Thus the earlier resolution approved by the Shareholders is valid upto 11.09.2014. The Resolution at Item (8) is to obtain the consent of the shareholders through Special Resolution for this purpose.

None of the Directors, Key Managerial Personnel and their relative is interested or concerned in the resolution.

By Order of the Board of Directors

(A. Debta)

Senior Company Secretary

Belpahar, 7th August, 2014

Registered Office :

PO : Belpahar, Dist. Jharsuguda
Odisha, Pin : 768218
CIN : U26921OR1958PLC000349
Website : www.trlkrosaki.com

**Details of the Directors seeking appointment /
re-appointment in the forthcoming Annual General Meeting**

Name of Director	Mr. Rakesh Kulshreshtha (DIN: 03196186)	Mr. V.S.N. Murty (DIN: 00092348)	Mr. Kiyotaka Oshikawa (DIN: 03515516)
Date of Birth	08.10.1952	15.04.1951	27.07.1960
Date of Appointment	27.08.2011	05.05.2008	31.05.2011
Expertise in specific functional areas	Sales, Marketing & Business Excellence	Finance & Management	Finance, Accounting & Corporate Planning
Qualifications	Bachelor of Metallurgical Engineering	Graduate in Commerce and Member of The Institute of Chartered Accountants of India.	Bachelor of Political science and Economics from Waseda University, Japan.
Directorship held in other public Companies (excluding foreign Companies)	1	5	NIL
Membership / Chairmanship of Committees of other public Companies (includes only Audit Committees and Shareholders' / Investors' Grievance Committee)	NIL	3	NIL
Shareholdings in the Company	NIL	NIL	NIL

Highlights

(₹ Crores)

	2013-14	2012-13	2011-12	2010-11	2009-10
Turnover	917.54	928.89	964.04	926.87	867.17
Profit Before Interest, Depreciation & Taxes	52.66	56.86	79.10	100.06	91.56
Depreciation	23.43	24.82	23.66	21.46	20.98
Profit before Taxes	3.98	9.66	34.76	66.33	59.68
Profit After Taxes	2.89	6.92	24.54	42.69	38.47
Retained Earnings	23.87	29.29	39.70	25.77	46.04
Shareholders' Funds	273.40	272.96	268.48	252.45	248.14
Borrowings	227.07	201.60	158.77	113.09	110.38
Dividends	2.45	2.45	8.50	38.38	13.41
Shareholders' Funds - per Share(₹)	131	131	128	121	119
Dividend - (%)	10	10	35	158	55
Employees - (Numbers)	1259	1270	1292	1337	1406

DIRECTORS' REPORT

The Board of Directors here by presents the 55th Annual Report and Audited Statements of Accounts for the financial year ended March 31, 2014.

Financial Results

	Standalone		Consolidated	
	2013-14 ₹ Crores	2012-13 ₹ Crores	2013-14 ₹ Crores	2012-13 ₹ Crores
Profit before finance cost depreciation, Employees separation compensation and Taxes	52.96	57.15	70.34	64.08
Less Finance Cost	25.26	22.38	30.28	27.81
Less Depreciation	23.43	24.81	32.73	33.89
Less Employees Separation Compensation	0.29	0.30	0.29	0.30
Profit Before Tax	3.98	9.66	7.04	2.08
Provision for Income Tax :				
Current	(2.36)	(6.16)	(2.36)	(6.16)
Deferred	1.27	3.42	1.27	3.42
Profit After Taxes	2.89	6.92	5.96	(0.66)

Dividend

Your Directors are pleased to recommend a dividend of ₹ 1.00 per share, i.e. 10% for the year ended March 31, 2014, for approval by the shareholders at the forthcoming Annual General Meeting.

Performance

For the third year in succession, the performance of the Company was deeply impacted by the ill effect of domestic as well as global economic slowdown. The Company suffered a negative growth with a gross turnover of ₹ 918 Crores against ₹ 929 Crores of the previous year. However, consolidated revenue which includes revenue of TRL China Limited were ₹ 1,116 Crores compare to ₹ 1,074 Crores for the previous year, a growth of around 3.9%.

The standalone gross production during the year was 1,74,213 MT against 2,03,339 MT of the previous year; a decline of around 14.3%. The sales volume was

2,21,920 MT against 2,62,844 MT of the previous year; a decline of around 15.6%. Lower order booking due to lower demand and fierce competition in the market laid to lower capacity utilization.

Lower capacity utilization leading to under absorption of overhead expenses, coupled with un-remunerative refractories prices made the profit before taxes dropping to ₹ 3.98 Crores against ₹ 9.66 Crores of the previous year; a decrease of 59%. The profit after tax was ₹ 2.89 Crores against ₹ 6.92 Crores of the previous year; a decrease of 58%. However, consolidated profit was increased to ₹ 5.96 Crores against loss of ₹ 0.66 Crores of the previous year due to improved performance of TRL China Ltd.

International Business

The export turnover of the Company for the year was ₹ 146 Crores against ₹ 179 Crores of the previous year. Export turnover was lower mainly due to completion of Esfahan Steel, Iran project for construction of Coke-oven Battery and temporary closure of Perwaja Steel due to damage caused to the plant in a natural calamity.