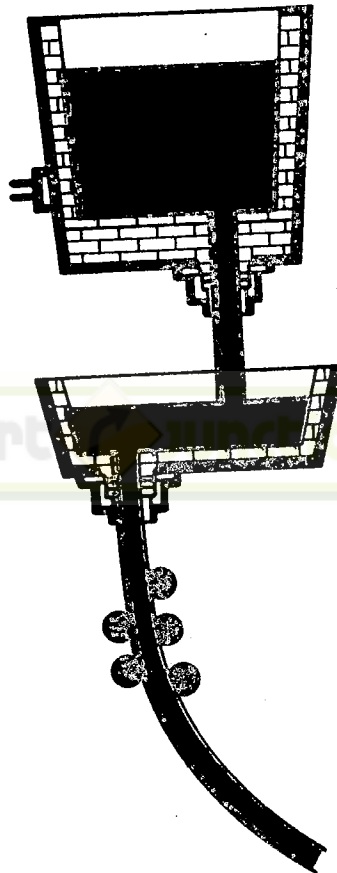


NINTH ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



IFGL REFRACTORIES LIMITED





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**BOARD OF DIRECTORS**

B P BAJORIA
 P BAJORIA
 G C HINCKLEY, OBE DL
 K MATSUI, *Alternate to I Shimizu*
 A K MISHRA, *Nominee of IPICOL*
 V N NADKARNI
 D G RAJAN, *Alternate to G C Hinckley, OBE DL*
 K S B SANYAL
 I SHIMIZU
 N S VISWANATHAN
 K YOSHIDA
 T IZUTSU, *Alternate to K Yoshida*
 S K BAJORIA, *Managing Director*

BANKERS

STATE BANK OF INDIA

AUDITORS

PRICE WATERHOUSE
Chartered Accountants

SOLICITORS & LEGAL ADVISORS

RAJESH KHAITAN & CO.
 2, CHURCH LANE,
 CALCUTTA-700 001

REGISTERED OFFICE & WORKS

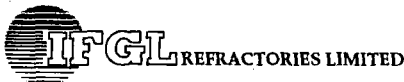
SECTOR 'B'
 KALUNGA INDUSTRIAL ESTATE
 P.O. KALUNGA - 770 031 (NEAR ROURKELA)
 DIST : SUNDERGARH (ORISSA)

HEAD & CORPORATE OFFICE

McLEOD HOUSE
 3, NETAJI SUBHAS ROAD
 CALCUTTA-700 001

REGISTRARS & SHARE TRANSFER AGENTS

ABC COMPUTERS PVT LTD
 NATIONAL COUNCIL OF EDUCATION BUILDING
 2ND & 3RD FLOOR
 JADAVPUR UNIVERSITY CAMPUS
 CALCUTTA-700 032



Notice of Annual General Meeting

Notice is hereby given that Ninth Annual General Meeting of the Members of IFGL Refractories Limited will be held on Monday, 29th June, 1998 at 12 Noon at Sector 'B', Kalunga Industrial Estate, Kalunga-770 031, Dist : Sundergarh, Orissa to transact the following business :

Ordinary Business

- a) To receive, consider and adopt audited Profit and Loss Account for the year ended 31st March, 1998, Balance Sheet as on that date and Schedules and Notes forming part thereof and the Reports of Directors' and Auditors' thereon.
- b) To appoint a Director in place of Mr NS Viswanathan, who retires by rotation and being eligible, offers himself for re-appointment.
- c) To appoint a Director in place of Mr K Yoshida, who retires by rotation and being eligible, offers himself for re-appointment.
- d) To appoint Auditors and fix their remuneration. The retiring Auditors, Messrs Price Waterhouse, Chartered Accountants, being eligible offer themselves for re-appointment.

Special Business

- e) To consider and if thought fit, with or without modification(s) to pass the following resolution as an Ordinary Resolution .
'RESOLVED that Mr I Shimizu, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 5th August, 1997 and whose term expires at the ensuing Annual General Meeting and for the appointment of whom, the Company has received a Notice under Sec. 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement by rotation.'

On behalf of the Board of Directors
For IFGL Refractories Limited

Calcutta, 27th April, 1998

P Bajoria
Director

Notes :

1. Explanatory Statement as required under Sec. 173(2) of the Companies Act, 1956 is annexed.
2. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and on a poll, to vote instead of himself. The Proxy need not be a Member of the Company. A blank Form of Proxy is enclosed and if intended to be used, it should be returned duly completed to the Registered Office of the Company not less than 48 hours before the scheduled time of the meeting.
3. The Register of Members of the Company will remain closed from Tuesday, 23rd June, 1998 to Monday, 29th June, 1998, both days inclusive.
4. Members are requested to notify change in their address, if any, under their signature, to the Company at its Head and Corporate Office or to the Registrars and Share Transfer Agents, quoting Folio Number.

Explanatory Statement pursuant to Sec 173(2) of the Companies Act, 1956 in respect of Item (e) of the Notice.

Mr I Shimizu was appointed as an Additional Director of the Company at the Board Meeting held on 5th August, 1997. In terms of the provisions contained under Sec 260 of the Companies Act, 1956, he shall hold office upto the date of the ensuing Annual General Meeting. Mr Shimizu is a Director of Messrs Harima Ceramic Co Ltd, Japan, collaborators of your Company. Your Directors are of the view that the appointment of Mr Shimizu as a Director of your Company will be in the interest of the Company. Your Board accordingly recommends the resolution for approval.

No director other than Mr Shimizu himself, is concerned or interested in the resolution.



Report of the Directors' to the Shareholders

Your Directors present the 9th Annual Report together with Profit and Loss Account for the year ended 31st March, 1998 and Balance Sheet as on that date and Schedules and Notes forming part thereof.

Operations and Financial Results

During the year under review, industrial slow down continued. Steel Industry also continued to reel under recession.

Your Company's performance was severely affected as it serves the Steel Industry and it could achieve following financial results.

	For the year ended 31.3.1998	For 9 months ended 31.3.1997
	(Rs. in lacs)	
Total Income	2593.18	2045.30
Profit before Interest and Depreciation and tax	405.76	505.85
Less : Interest	229.62	225.81
Depreciation & Misc. expenses written off	168.33	132.19
	<u>397.95</u>	<u>358.00</u>
Net Profit/(Loss)	7.81	147.85
Less : Provision for tax	0.75	18.00
	<u>7.06</u>	<u>129.85</u>
Add : Profit brought forward from previous year	60.32	101.47
Profit/(Loss) after tax for the period	67.38	231.32
Less : Transferred to Debenture Redemption Reserve	0.00	171.00
Resultant surplus carried to Balance Sheet	<u>67.38</u>	<u>60.32</u>

Your Directors are, however, pleased to inform you that the volume of products manufactured and sold during the year have increased substantially. Products manufactured by your Company have continued to perform satisfactorily and gained confidence of customers. Successful trials have been conducted at several customers abroad and repeat orders for bulk quantities are expected to be received soon.

Your Directors are pleased to inform that Harima Ceramic Co Ltd, Japan has extended collaboration agreement in respect of Continuous Casting Refractories for another three years from 1st February, 1998. While said extension is awaiting approval of concerned authorities, it would ensure that your Company continues to have latest technology to meet customers requirements.

Restructuring of Capital

As envisaged Restructuring of Capital undertaken in earlier years helped keeping interest burden within reasonable levels, although during the year Sundry Debtors reached all time high level due to severe liquidity crunch in the Steel Industry.

Diversification/Capital Expenditure/ISO 9002

Your Company had stabilised production of Converter Tap Hole Sleeves and the performance was found encouraging. During the year under review, several customers placed repeat orders.

Your Company continues to be a ISO 9002 certified Company, which has helped immensely in manufacture of quality products uninterruptedly.



Directors' Report (Contd.)

Directors

During the year, Mr Bin Nagai, Director of your company and the Senior Managing Director of Harima Ceramic Co Ltd, Japan resigned from the Board on his attaining the superannuation in Harima. Mr. Nagai was involved with your Company from the very inception. The advices and guidance received from him were invaluable. The entire Board records its sincere appreciation.

Also during the year under review, Mr H Roper resigned from the office of Director. Your directors have accepted Mr Roper's resignation and placed on record sincere appreciation for the counsel received from him.

Directors due to retire by rotation are Mr NS Viswanathan and Mr K Yoshida, who being eligible, offer themselves for re-election.

Mr I Shimizu was appointed as an Additional director on 5th August, 1997 to hold office upto the date of forthcoming Annual General Meeting. He being eligible offer himself for re-appointment for further period. Notice from a member has been received under Sec 257 of the Companies Act, 1956 signifying his intention to appoint Mr Shimizu as a Director of the Company liable to retire by rotation.

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Information in accordance with provision of Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure-A.

Auditors' Report

The Auditors in their Report have referred to the notes forming part of accounts, which are self-explanatory.

Auditors

Messrs Price Waterhouse, Auditors, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

Particulars of Employees

Particulars of employees, as required Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended to date, are attached herewith to this Report as Annexure B.

Acknowledgement

Your Directors place on record appreciation for support received from the investors at large, Harima Ceramic Co. Ltd, Nissho Iwai Corporation, ICICI, IFCI, IDBI, IDCO, IPICOL, TDICI, IFC., Washington, GIC Mutual Fund, LIC Mutual Fund, SBI and employees of the Company.

On behalf of the Board of Directors

Calcutta, 27th April, 1998

S K Bajoria
Managing Director

P Bajoria
Director



Annexure A to Directors' Report

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for year ended 31st March, 1998.

A. Conservation of Energy

a) Energy conservation measures taken :-

1. The Company has adopted a special technology thereby ensuring comparatively low energy consumption.
2. Power capacitors of sufficient capacity have been installed to guarantee 98% Power factor.
3. Regular checks and preventive maintenance of all electrical equipments and installations are being conducted to avoid leakage of energy due to faulty operation.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.

Constant studies and references are being made to improve the efficiency in consumption of energy.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

All efforts are being made to further reduce energy consumption.

d) Total energy consumption and energy consumption per unit of production.

As per Form-A enclosed.

B. Technology Absorption

e) Efforts made in technology absorption.

As per Form-B enclosed.

C. Foreign Exchange Earnings and Outgo

f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products & services; export plans.

During the year under review, your Company successfully executed several trial and regular orders overseas.

g) Total foreign exchange used and earned

		(Rs. in lacs)
1. Foreign Exchange Outgo		
(i) C.I.F. value of imports of Raw Materials, Stores and Spares.	:	778.88
(ii) Others	:	106.65
2. Foreign Exchange Earnings (FOB Value of Exports)	:	337.09