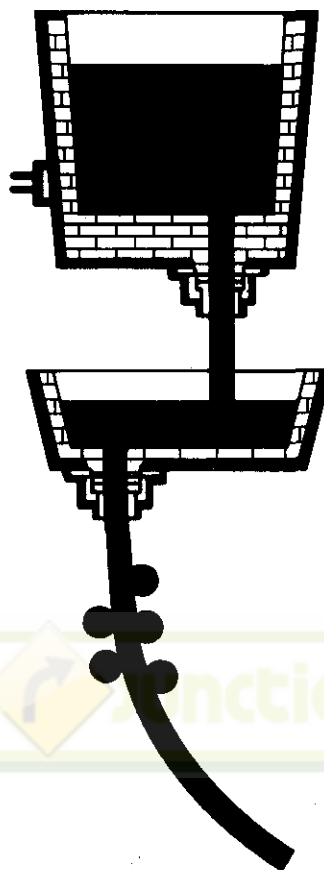


ANNUAL REPORT 1998-99



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BOARD OF DIRECTORS

B P BAJORIA
P BAJORIA
K MATSUI, *Alternate to I Shimizu*
A K MISRA, *Nominee of IPICOL*
V N NADKARNI
K S B SANYAL
I SHIMIZU
K YOSHIDA
Y KOIKE, *Alternate to K Yoshida*
S K BAJORIA, *Managing Director*

BANKER

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 Tenth Annual General Meeting of the Members of IFGL Refractories Limited will be held on Saturday, 3rd July, 1999 at 11 AM 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 Profit and Loss Account for the year ended 31st March, 1999, 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. B P Bajoria, who retires by rotation and being eligible, offer himself for re-appointment.
- c) To appoint a Director in place of Mr P Bajoria, who retires by rotation and being eligible, offer himself for re-appointment.
- d) To appoint Auditors and fix their remuneration including terms of payment. 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 modifications to pass the following resolution as an Ordinary Resolution.

RESOLVED that in terms of Sec. 293(1)(a) of the Companies Act, 1956 and other applicable provisions of law, if any, the consent of the Company be and is hereby accorded to the Board of Directors to mortgage, by deposit of Title Deeds by constructive delivery, on the Company's all immovable properties situated at Sector 'B', Kalunga Industrial Estate, Dist. Sundergarh, Orissa, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth, collectively called as immovable properties, as security for the due repayment, discharge and redemption by the Company to State Bank of India for working capital facilities aggregating to Rs. 1140 lacs, together with all interests, costs, charges, expenses and other moneys payable under the advance documents/memorandum of terms and conditions, as amended from time to time, subject to condition that the mortgage and charge created in favour of State Bank of India shall rank second and subservient to the charges created in favour of term lending institutions and the Trustees of the holders of the Debentures issued by the Company.

By order of the Board of Directors
For IFGL Refractories Limited

P Bajoria
Director

Calcutta, 30th April, 1999

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, 29th June, 1999 to Saturday, 3rd July, 1999, 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.

Your Company has availed Working Capital Facilities aggregating to Rs. 1140 lacs from the State Bank of India. One of the conditions of sanction is that said Working Capital Facilities would be secured by mortgage by creation of second charge over the Company's immovable properties, both present and future situated at Sector 'B', Kalunga Industrial Estate near Rourkela. Proposed resolution is meant for this purpose and your directors, therefore, commend passing of the same. None of the directors is interested, either directly or indirectly, in passing of the proposed resolution.



Report of the Directors' to the Shareholders

Your Directors present the 10th Annual Report together with Profit and Loss Account for the year ended 31st March, 1999 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 and Steel Industry continued to reel under recession. Furthermore, the operations at the works of the Company were affected due to a strike for 23 days. Despite these compelling reasons your Company could achieve the following financial results.

	For the year ended 31.3.1999	For the year ended 31.3.1998
	(Rs. in lacs)	
Total Income	1992.91	2593.18
Profit before Interest and Depreciation and tax	293.87	405.76
Less : Interest	137.95	229.62
Depreciation & Misc. expenses written off	151.60	168.33
	289.55	397.95
Net Profit/(Loss)	4.32	7.81
Less : Provision for tax	0.45	0.75
	3.87	7.06
Add : Profit brought forward from previous year	67.38	60.32
Profit/(Loss) after tax for the period	71.25	67.38
Add : Transfer from Debenture Redemption Reserve	48.00	0.00
Resultant surplus carried to Balance Sheet	119.25	67.38

In view of the above, your Directors do not recommend any payment of Dividend.

Your Company, during the year, have taken various measures to improve productivity and quality of the products and reduce expenses. Due to an increased thrust on current assets management, the interest burden has also been reduced. Full benefits of these measures would accrue in the financial year 1999-2000.

Y2K

Your Company has constituted a Year 2000 Project Team with representatives from business functions and the information systems department. All the hardware and software in use in the Company are being tested for determining compliance for Year 2000 and steps have been taken to upgrade or replace the non compliant equipment and systems by June, 1999. Initiatives have also been taken by the Company to evaluate the system operating with its business associates. The Management is fairly confident that the Company will not face any undue risks due to this factor.

ODD LOT Equity Shares

Your directors have formulated and implemented with effect from 1st February, 1999 a Scheme for disposal of "ODD LOT Equity Shares", being handled by Bajoria Holdings Ltd, to enable shareholders of the Company holding less than 49 equity shares to realise full market value of shares held by them. The scheme is in line with recommendation of the Department of Company Affairs, Govt. of India that the companies listed on the stock exchanges provide requisite service to their investors for disposing off the Odd Lot shares held by them.



Directors' Report (Contd.)

Directors

During the year, Mr G C Hinckley, OBE DL, resigned from the office of the Director of your Company. Consequently, his alternate, Mr D G Rajan also ceased to be a Director. Mr T Izutsu, alternate to Mr K Yoshida, also resigned with effect from 26th January, 1999 and in his place, Mr Y Koike was appointed effective that date. Your Directors place on record sincere appreciation for invaluable advices and guidance received from aforesaid Directors from time to time.

Your Directors are shocked by the sudden demise of Mr N S Viswanathan on Sunday, 18th April, 1999. Your Company had immensely benefited by his advices and counsel. Your Directors place on record sincere appreciation for invaluable advices and guidance given by him and pray for departed soul.

Directors due to retire by rotation are Mr B P Bajoria and Mr P Bajoria, who being eligible, offer themselves for re-election.

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 earning 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 under Section 217 (2A) 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 record appreciation for support received from the shareholders, Harima Ceramic Co. Ltd., Nissho Iwai Corporation, ICICI, IFCL, IDBI, IDCO, IPICOL, TDICI, IFC, Washington, GIC Mutual Fund, LIC Mutual Fund, SBI and the employees of the Company.

On behalf of the Board of Directors

Calcutta, 30th April, 1999

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, 1999

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 and 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.	:	445.10
(ii) Others	:	62.25

2. Foreign Exchange Earnings (FOB Value of Exports)

:	210.23
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REFRACTORIES LIMITED

Form - A

Disclosure of particulars with respect to conservation of energy

	Year ended 31st March 1999	Year ended 31st March 1998
A. Power & Fuel Consumption		
1. Electricity		
a) Purchased		
Units (KWH)	1940258	2306358
Total Amount (Rs.)	6359796	7532619
Rate/Unit (Rs.)	3.27	3.27
b) Own Generation		
i) Through Diesel Generator		
Units (KWH)	53961	86760
Units per Ltr. of Diesel Oil	2.78	2.63
Cost/Unit (Rs.)	3.98	3.72
ii) Through Steam Turbine/Generator		
Units (KWH)	Nil	Nil
Units per Ltr. of Diesel Oil	Nil	Nil
Cost/Unit (Rs.)	Nil	Nil
2. Coal (Specify quality and where used)		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Average rate	Nil	Nil
3. Furnace Oil (L.D.O)		
Quantity (Kilo Ltr.)	929.99	692.815
Total Cost (Rs.)	7254401	5374833
Average Rate (Rs./Ltr.)	7.80	7.76
4. Others/Internal generation (Please give details)		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil
B. Consumption per unit of production		
Products-Continuous Casting Refractories/SGP/THS		
Electricity (KWH/M.T.)	1682.79	1664.24
L.D.O. (Ltrs./M.T.)	806.58	481.80
Coal	Nil	Nil
Others	Nil	Nil