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MARATHWADA REFRACTORIES LIMITED

22ND ANNUAL REPORT

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2000 - 2001

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MARATHWADA REFRACTORIES LIMITED

BOARD OF DIRECTORS :

Shri S. M. Shroff

Shri Sachin Tulsyan - Alternate Director to Shri S. M. Shroff

Shri Kailash Chandra Seksaria

Shri R. S. Krishnan

Shri V. D. Jhunjhunwala, Managing Director

Smt. S. V. Jhunjhunwala (Additional Director)

BANKERS :

Union Bank of India

State Bank of India

AUDITORS :

Khandelwal Jain & Co.

Chartered Accountants

Aurangabad.

REGISTERED OFFICE & WORKS :

F-4/1, Chikalthana,

Industrial Area,

M.I.D.C.,

Aurangabad - 431 210.

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NOTICE

Notice is hereby given that the **Twenty Second Annual General Meeting** of the Members of the Company will be held on Thursday, 20th day of Sept. 2001 at 4.00 p.m. at its Registered Office at F-4/1, Chikalthana Industrial Area, MIDC, Aurangabad - 431 210 to transact the following business.

Ordinary Business :

1) To receive, consider and adopt audited Balance Sheet as at 31st March 2001 and Profit & Loss Account for the year ended on that date alongwith Auditors Report and the Directors Report thereon.
2) To appoint a director in place of **Shri. S. M. Shroff** who retires by rotation and being eligible offers himself for re-appointment.
3) To appoint auditors and to fix their remuneration.

Special Business :

4) To consider and, if thought fit, to pass with or without modification as an **Ordinary Resolution :**
"**RESOLVED** that Mrs. S. V. Jhunjhunwala, who was co-opted as an Additional Director by the Board of Directors, and who holds office under section 260 of the Comapnies Act, 1956, upto the date of Annual General Meeting of the Company, be and is hereby appointed as Director of the Company, whose period of office will be liable to retirement by rotation."
5) To consider and, if thought fit, to pass with or without modification as an **Special Resolution :**
"**RESOLVED** that, pursuant to the provisions of Section 269, 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Act as amended up to date and subject to such approvals, if any, as may be necessary, consent of the Company be and is hereby accorded to the appointment of and remuneration and perquisites being paid or granted to Mr. V. D. Jhunjhunwala who is beyond the age of 70 years, as managing director of the Company for a period of 5 years w.e.f. 1st April 2001, on the terms and conditions as set out in the explanatory statement attached to this notice and hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force."
"**RESOLVED FURTHER** that, for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company."

Registered Office :
F-4/1, Chikalthana,
Industrial Area,
M.i.D.C., Aurangabad - 431 210.

For **MARATHWADA REFRACTORIES LTD.**

Sd/-
(V. D. JHUNJHUNWALA)
MANAGING DIRECTOR

Place : Mumbai
Date : 31st May, 2001

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NOTES:

1) Explanatory Statement setting out all material facts concerning the aforesaid businss contained in items 4 & 5 of the Notice, as required under section 173 (2) of the Companies Act, 1956 is annexed hereto.

2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

3) THE INSTRUMENTS APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

4) Members are requested to intimate before 18th September 2001, the changes, if any, in their registered address along with the pin code number.

5) The Register of Mamber and Transfer books of the Company will remain closed from 18th September 2001 to 20th September 2001, both days inclusive.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 4

The Board in their meeting had on 28th February 2001 appointed Mrs. S. V. Jhunjhunwala as additional Director. She hold office of the Directors upto the date of present Annual General Meeting. The Company has received notice in writting from Member of the Company under Section 257 of the Companies Act, 1956 together with requisite deposit of rupees five hundred, signifying his intention to propose the name of Mrs. S. V. Jhunjhunwala for appointment as Director liable to retire by rotation.

For better management and co-ordination at Delhi office, the Board considers that the appointment of Mrs. S. V. Jhunjhunwala will be in the interest of the Company and therefore, recommends the proposed resolution for approval.

Except Mr. V. D. Jhunjhunwala and Mrs. S. V. Jhunjhunwala, none of the Directors shall be deemed to be concerned or interested in the proposed resolution.

Item No. 5

Mr. V. D. Jhunjhunwala was appointment as Managing Director of the Company for a period of 5 years w.e.f. 1-4-1996. His term as Managing Director has expired on 31-03-2001 and keeping in view his significant contribution towards the Company's growth inspite of competitive market condition, the Board of directors of the Company at its meeting held on 28th February 2001 has reappointed him as Managing Director of the Company subject to the approval of shareholders for a period of 5 years w.e.f. 1st April 2001 at the remuneration, in accordance with the norms laid down in Schedule XIII and other applicable provisions of the Companies Act, 1956 as below :

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1. **Salary :** In the scale of Rs. 30000-2500-42500

2. **Perquisites / Allowances :**

In addition to the above remuneration, the Managing Director shall be entitled to the following by way of perquisites in such form and manner as the Board of Directors of the Company may decide. Perquisites shall be restircted to an amount equal to the annual salary or Rs. 4,50,000/- p.a. Whichever is less.

(i) Accomodation : Rent free furnished accomodation and deduct 10% from his salary.

(ii) Others : Expenditure on gas, electricity, water and furnishing at residence will be valued as per Income-Tax Rules, maximum upto 10% of salary.

(iii) Medical Reimburement : Expenses actually incurred for self and family subject to ceiling of one month's salary or three month's salary over a period of three years.

(iv) Leave Travel Concession : For self and his family once in a year incurred in accordance with rules specified by the Company.

(v) Club Fees : Fees of club subject to a maximum of two clubs, Payment of admission fees and life membership fees will not be permissible.

(vi) Personal Accident Insurance : Premium on personal accident insurance not exceeding Rs. 4,000/- per annum.

(Vii) Provident fund and Superannuation fund : Company's contribution to Provident Fund and Superannuation fund as per rules of the company subject to the condition that contribution to both funds shall not exceed 27% of salary as laid down under the Income-tax Rules, 1962, provided the Company has an approved scheme in that respect.

Company's contribution to above fund to the extent they either singly or put together, are not taxable under Income Tax Act 1961, and shall not be included in the computation of limits for remuneration or perquisites as aforesaid.

(viii) Gratuity : Gratuity payable not exceeding half a month's salary for each completed year of service and shall not be included in the computation of limits for remuneration or perquisities as aofresaid.

(ix) Leave : Managing director will entitled to leave, privilege, sick and casual, as per rules of the Company with full pay and allowances. Encashment of leave at the end of tenure shall not be included in the computation of limits for remuneration or perquisites as aforesaid.

(x) Minimum Remuneration :
Notwithstanding, anything to the contrary herein contained, wherein any financial year during the currency of the tenure of Mr. V. D. Jhunjhunwala, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.

(xi) Other Terms :
(a) Provision of a car with driver and telephone at residence for use on company's business will not be considered as perquisites. Use of car for private purposes and personal long distance calls on telephone shall be billed by the Company.
(b) The Company shall reimburse entertainment expenses actually and properly

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incurred in the course of legitimate business of the company. This will not be considered as perquisite.

(c) *The terms and conditions of the said appointment may be altered and varied from* time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Managing Director in accordance with Schedule XIII of the Companies Act, 1956, or any amendments made hereinafter in this regard.

(xii) Termination :

The appointment may be terminated by either party giving six month's notice in writing or by mutual consent etc.

Explanation : "Family" means the spouse, the dependent children and dependent parents of the Managing Director.

Although he has attainted the age above 70 years as per Schedule XIII Part I (c) (i), such person can be appointed as the managing director of the company if his appointment is approved by the shareholders by passing a special resolution.

The appointment of Mr. V.D. Jhunjhunwala Managing Director on terms and conditions as set out are subject to the approval of Company in the ensuing Annual General Meeting. The Board recommends the member to approve the appointment and remuneration of Mr. V. D. Jhunjhunwala as Managing Director of the Company as set out in the resolution vide item 5 of the Notice.

None of the Director other than Mr. V. D. Jhunjhunwala and Mrs. S. V. Jhunjhunwala are concerned or interested in the resolution at item 5.

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Registered Office :
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Industrial Area,
M.I.D.C., Aurangabad - 431 210.

For **MARATHWADA REFRACTORIES LTD.**

Sd/-
(V. D. JHUNJHUNWALA)
MANAGING DIRECTOR

Place : Mumbai
Date : 31st May, 2001

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DIRECTORS' REPORT

To,
The Members,
Marathwada Refractories Limited :

Your Directors have pleasure in presenting the **Twenty Second Annual Report** of your Company together with audited Accounts and Balance Sheet for the year ended 31st March, 2001.

1. Financial Results :-

	This Year Rs.	Previous Year Rs.
Profit before depreciation	**1,77,73,211**	2,82,56,416
Less : Depreciation	**28, 38,253**	27,64,009
Net Profit	**1,49,34,958**	2,54,92,407
Provision for Taxation	**41,90,506**	70,00,000
Adjustments relating to earlier years	**11, 55, 342**	0
Profit after taxation	**95,89,110**	1,84,92,407
Balance brought forward	**4,02,01,916**	3,14,79,509
Profit available for Appropriation	**4,97,91,026**	4,99,71,916
Less : Proposed Dividend	**0**	70,00,000
Tax on Dividend	**0**	7,70,000
Less : Transferred to General Reserve	**0**	20,00,000
Balance C/F to Balance-Sheet	**4,97,91,026**	4,02,01,916

2. Operations :-

Total sales for the year 2000-2001 were Rs. 1563.06 Lacs compared to Rs. 1220.19 Lacs for the year 1999-2000. Despite stiff competition, the Company has been able to improve the market share of Magnesia Carbon Bricks product during the year and it expects to further improve the share.

The performance of your Company during the year under review was good as compared to previous year. Sales increased by 28.10% as compared to previous year. Net profit after tax is Rs. 95.89 Lacs. Net profit after tax with depreciation added back is Rs. 124.27 Lacs as compared to previous year Rs. 212.56 Lacs, recording a decrease of 41.53% over last year. Decrease in profit was due to rise in raw material cost by around 16.04% and also increase in manufacturing cost.

3. Particulars under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 :-

The required particulars are set out in the Annexure "A" hereto.

4. Directors :-

(i) The term of Mr. V. D. Jhunjhunwala, Managing Director expired on 31st March 2001. The board has recommended his reappointment as Managing Director for another period of 5 years.

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(ii) Mrs. S. V. Jhunjhunwala have been appointed as additional Director of the Company.

(iii) Mr. S. M. Shroff retires by rotation and being eligible offers himself for re-appointment.

5. Auditors :-

M/s Khandelwal Jain & Co., Chartered Accountants, retiring auditors, have advised that they are willing to be re-appointed as Auditors of the Company pursuant to section 224 (1) of the Companies Act, 1956. The board recommends their appointment. The observations of the Auditors in their report are self explanatory.

6. Particulars of Employees :-

None of the employees are covered under the provisions of section 217 (2A) of the Companies Act, 1956.

7. Fixed Deposits :-

The Company has neither invited nor accepted fixed deposits from public within the meaning of section 58 A of the Companies Act, 1956 during the year under review.

8. Employees and Industrial Relations :-

Your Directors gratefully acknowledge the co-operation and assistance extended by the various Government authorities, the Financial Institutions, our Bankes namely Union Bank of India and State Bank of India and other Commercial Banks. The Directors express their deep appreciation for dedicated and sincere services rendered by the Officers and Employees of the Company.

9. Corporate Governance :-

Stock Exchange have introduced a new clause 49 of the listing agreements with Stock Exchange. The clause 49 requires the company to comply with the all procedural formalities on Corporate governance. Since the paid up capital of the company is less than 3 crore, the company will comply with all procedure on Corporate Governance during financial year 2002-2003 as provided in implementation schedule of clause 49.

10. Director's Responsibility Statement :-

The Directors confirm

(i) That in the preparation of the annual accounts, the applicable accounting standards have been followed.

(ii) The Directors have selected such accounting policies and applied them consistently and judgement and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2001, and of the profit of the Company for that year;

(iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for Safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) That the directors have prepared the annual accounts on a going concern basis.

For and on behalf of the Board of Directors

Sd/-	**Sd/-**
V. D. JHUNJHUNWALA	**R. S. KRISHNAN**
MANAGING DIRECTOR	**DIRECTOR**

Place : Mumbai
Dated : 31st May, 2001

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ANNEXURE "A" TO THE DIRECTOR'S REPORT

Information pursuant to the provisions of Section 217(1)(e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2001

A. Conservation of energy :

a) Energy conservation measures taken :-

i) Idle running of machineries and equipment controlled.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : NIL

c) Impact of measures taken :
Electricity consumption per unit of output has marginally increased.

d) Form - A :

Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the rules is given below :

Power & Fuel Consumption :		**Current Year**	Previous Year
1.	Electricity		
	a) Purchased		
	Unit (kwh)	**5,13,594**	3,70,766
	Total amount (Rs.)	**25,33,028**	19,17,202
	Rate / Unit (Rs.)	**4.93**	5.17
	b) Own generation	**Nil**	Nil
2.	LDO & others (Rs.)	**2,61,148**	1,96,139
	Consumption per unit of Production :		
	Production of Refractories (MRM/Bricks/Castable/MGC) in MT	**8233.324**	6780.497
	Electricity (kwh) per M.T. of production Rs.	**62**	55
	LDO PMT of MGC Rs.	**68**	70
	Production MT	**3847.084**	2803.324

B. The Company has collaboration agreement with M/s OCL India Ltd., for providing technical know-how. The Company has regular practice of introducing technical improvements in production process for improvement of quality, etc.

C. Foreign Exchange Earning and Outgo :-

There are no foreign exchange earnings, Foreign exchange outgo for import of Raw Materials during the year was Rs.5,96,12,317/- (Previous year Rs. 2,23,41,892).

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