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MARATHWADA REFRACTORIES LIMITED

23RD ANNUAL REPORT

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2001 - 2002

BOARD OF DIRECTORS :

Shri S. M. Shroff

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

Shri R. S. Krishnan

Shri V. D. Jhunjhunwala, Managing Director

Smt. S. V. Jhunjhunwala

BANKERS :

Union Bank of India

State Bank of India

HDFC Bank Ltd.

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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MARATHWADA REFRACTORIES LIMITED

NOTICE

Notice is hereby given that the **Twenty Third Annual General Meeting** of the Members of the Company will be held on Saturday, 21st day of Sept. 2002 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 2002 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. Sachin Tulsyan** who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint auditors and to fix their remuneration.

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 : 27th April, 2002

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DIRECTORS' REPORT

To,
The Members,
Marathwada Refractories Limited :

Your Directors have pleasure in presenting the **Twenty Third Annual Report** of your Company together with audited Accounts and Balance Sheet for the year ended 31st March, 2002.

1. Financial Results :-

	This Year Rs.	Previous Year Rs.
	-----	-----
Profit before depreciation	56,72,384	1,77,73,211
Less : Depreciation	30,96,267	28,38,253
Net Profit	25,76,117	1,49,34,958
Provision for Taxation	5,30,222	41,90,506
Adjustments relating to earlier years	2,16,183	(11,55,342)
Deferred Tax Liability	(22,43,301)	0
Profit after taxation	18,777	95,89,110
Balance brought forward	4,97,91,026	4,02,01,916
Balance C/F to Balance-Sheet	4,98,09,803	4,97,91,026

2. Operations :-

Total sales for the year 2001-2002 were Rs. 1171 Lacs compared to Rs. 1563 Lacs for the year 2000-2001. Due to stiff competition from Chinese suppliers, the Company's market share of Magnesite Carbon Bricks (MGC) product during the year remained stagnant. The company's erstwhile main product Magnesite Ramming Mass (MRM) has lost its technical competence as to Magnesite Carbon Bricks. Due to this technological change there is drastic fall in sales of MRM during the year under consideration as compared to earlier year.

The operating performance of your Company during the year under review has been adversely effected due to increase in cost of inputs, on account of increase in cost of personnel as per fresh agreement with labour union and reduction in sales as well as per unit price realisation. Due to reduction in turnover the spread of overheads such as labour cost, interest, standing overheads, etc has got affected. Overall there was increase in unit cost and decrease in unit realisation. This has put operating loss of Rs. 43.57 lacs against operating profit of Rs. 88.39 lacs for the earlier year.

3. Sale of Assets :

During the year under review company has disposed off assets worth Rs. 52.35 lacs and realised gain of Rs. 45 lacs.

4. ISO 9001 : 2000

In line with company policy of "Qualify First" through a quality management system, which continuously strives to improve its effectiveness and customer satisfaction, your company has been recognised as IS ISO 9001:2000 by NQA Quality Systems Registratrar Ltd. vide registration certificate No. 02/004/J dt. 23.01.02

5. 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.

6. Directors :-

Mr. Sachin Tulsyan retires by rotation and being eligible offers himself for re-appointment

7. 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.

8. Particulars of Employees :-

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

9. 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.

10. 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.

11. Corporate Governance :-

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

12. 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 2002, 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.

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PARATHURUDAR FACTORIES LIMITED

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/-

**V. D. JHUNJHUNWALA
MANAGING DIRECTOR**

Sd/-

**R. S. KRISHNAN
DIRECTOR**

Place : Mumbai

Dated : 27th April, 2002

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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 2002

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. Due to increase in per unit Rate of electricity.
- 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.	<u>Electricity</u>		
	a) Purchased		
	Unit (kwh)	4,25,660	5,13,594
	Total amount (Rs.)	22,05,700	25,33,028
	Rate / Unit (Rs.)	5.18	4.93
	b) Own generation	Nil	Nil
2.	LDO & others (Rs.)	2,83,956	2,61,148
<u>Consumption per unit of Production :</u>			
Production of Refractories			
(MRM/Bricks/Castable/MGC) in MT			
		5086.433	8233.324
Electricity (kwh) per M.T.			
	of production	84	62
LDO PMT of MGC			
	Rs.	76	68
Production			
	MT	3738.595	3847.084

- 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.3.65,66,567/- (Previous year Rs. 5,96.12,317).

AUDITORS' REPORT :

To,
The Shareholders,
Marathwada Refractories Limited

We have audited the attached Balance Sheet of Marathwada Refractories Limited as at 31st March, 2002 and also the annexed Profit and Loss Account of the Company for the year ended on that day and report that :-

1. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by Central Government under Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement of the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above :-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet and Profit & Loss Account comply with the Accounting Standard referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable and
 - e) On the basis of our review of the confirmations received from the companies in which the directors of the Company are directors and the information and explanations given to us, none of the directors of the Company are disqualified under section 274 (1) (g) of the Act, from being appointed as directors.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) In the case of the Balance Sheet, the state of affairs of the Company as at 31st March, 2002 and
 - ii) In the case of Profit and Loss Account, of the Profit of the year ended on that date.

For Khandelwal Jain & Co.
Chartered Accountants
Sd/-
(G.M. Bothara)
Partner

Place : Aurangabad
Date : 28th April, 2002

ANNEXURE TO AUDITORS' REPORT :

Annexure to Auditor's Report of even date referred in Paragraph (1) therein

A. In case of manufacturing activity :-

- i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- ii) None of the fixed assets have been revalued during the year.
- iii) The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management and auditors during the period at reasonable intervals.
- iv) In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- v) The discrepancies noticed on verification of stocks as compared to book records were not material and these have been properly dealt with in the books of accounts.
- vi) The stock valuation is fair and proper in accordance with the normally accepted accounting principles. Stocks are valued at cost except non movable inventory at net realisable value. The basis of valuation is same as previous year in case of raw materials, stores etc. In case of work in progress and finished goods necessary changes are incorporated to comply with Accounting standard (AS-2) of the Institute of Chartered Accountants of India.
- vii) The Company has availed unsecured loan from Managing Director of the Company. The rate of interest and other terms and conditions of the loan are not prejudicial to the interest of the company.
- viii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to the companies, firms and other parties covered under Section 301 and 370 (1-B) of the Companies Act 1956.
- ix) In respect of loans and advances in the nature of loans given by the company to its employees and others are repaying the principle amounts as per stipulation, wherever such stipulations are made and are also regular in payment of interest, wherever applicable.
- x) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure, commensurate with the size of the Company and nature of its business, for the purchase of stores, raw materials, including components, plant and machinery, equipments and other assets and for the sale of goods.
- xi) According to the information and explanations given to us, the transactions of purchase & Sales of goods and materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act. (1 of 1956) and aggregating during the year to Rupees fifty thousand or more are made at prevailing market rate.