

*18th
Annual Report
1999 - 2000*



RAASI REFRACTORIES LIMITED

VENUE

BHARATIYA VIDYA BHAVAN,
KULPATI MUNSHI SADAN,
5-9-1105, BASHEER BAGH,
KING KOTI ROAD,
HYDERABAD - 500 029.

DATE

WEDNESDAY, the 27TH SEPTEMBER, 2000

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TIME

11.00 A.M.



RAASI REFRACTORIES LIMITED

BOARD OF DIRECTORS

SRI M. RAVINDRA VARMA
SRI A.K. SINGH
SRI R. VARADARAJAN
SRI K.S.N. RAJU
SRI R. KUNJITHAPATHAM
SRI P.V.S.R. MURTHY
DR. ASHOKE BANERJEE

Chairman
Executive Director
L I C Nominee
Director
Director
Director
Director

COMPANY SECRETARY
SRI S.SREENIVAS

AUDITORS

B.N.& Company
Chartered Accountants
8-2-120/112/A/14,
Road No. 9, Jubilee Hills,
Hyderabad - 500 034.

BANKERS

STATE BANK OF HYDERABAD

Industrial Finance Branch,
Punjagutta,
Hyderabad - 500 082.

ANDHRA BANK

Ashok Nagar Branch,
Hyderabad - 500 020.

REGISTERED & CORPORATE OFFICE

Flat No's 403 & 404,
Shobhanadri, H.No.7-1-69/1/25,
Dharamkaran Road,
Ameerpet,
Hyderabad - 500 016

FACTORY

Lakshmipuram
Narketpally
Nalgonda District
ANDHRA PRADESH - 508 254.

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RAASI REFRACTORIES LIMITED

NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the members of RAASI REFRACTORIES LIMITED will be held on **Wednesday, the 27th day of September, 2000 at 11.00 A.M.** at Bharatiya Vidya Bhavan, Kulpati Munshi Sadan, 5-9-1105, Basheer Bagh, King Koti Road, Hyderabad - 500 029 to transact the following items of business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2000 and Profit & Loss Account for the Financial Year ended on that date and Report of the Directors' and Auditors' thereon.
2. To appoint a Director in the Place of Sri R.Kunjithapatham who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the Place of Sri M.Ravindra Varma who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

To consider and, if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. B.N.& Company, Chartered Accountants, be and are hereby appointed as Auditors of the Company until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company and reimbursement of out-of-pocket and incidental expenses."

SPECIAL BUSINESS

5. APPOINTMENT OF DIRECTOR

To consider and, if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT notice of intention to propose Dr. Ashoke Banerjee for appointment as a Director having been received in writing from a member of the Company under section 257 of the Companies Act, 1956, Dr.Ashoke Banerjee who was appointed as Additional Director of the Company and who holds office

upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company.

6. REVISION IN REMUNERATION OF SRI. A.K.SINGH, EXECUTIVE DIRECTOR OF THE COMPANY.

To consider and, if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution**:

RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, if any, read with Schedule XIII to the Act and subject to the approval of the Financial Institutions, consent of the members of the Company be and is hereby accorded for revision in the Remuneration of Sri.A.K.Singh, Executive Director of the Company given by way of perquisites, w.e.f. 1st July, 2000 and upto the expiry of the term of his appointment i.e. 29th April, 2002 in the manner detailed below.

Accommodation will be provided by the Company along with amenities viz., gas, electricity, water etc.

- a) The expenditure in respect of provision for accommodation shall not exceed Rs.10,000/- (Rupees Ten Thousand Only) per month.
- b) The actual expenditure incurred in respect of gas, electricity & water shall be re-imbursed by the Company subject to production of bills concerned.

"RESOLVED FURTHER THAT all the other terms and conditions concerning his appointment as approved by the members of the company in the Annual General Meeting held on 30th December, 1999 do remain unaltered.

By order of the Board
for RAASI REFRACTORIES LIMITED

Place : Hyderabad
Date : 28.08.2000

S.SREENIVAS
Company Secretary



RAASI REFRACTORIES LIMITED

NOTES:

1. Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 is made and annexed herewith in respect of special business to be transacted at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote instead of himself and such proxy need not be a member of the Company.
3. Proxies, in order to be effective, proxy forms must be deposited at the Registered Office of the Company not later than fortyeight hours before the commencement of the Meeting. Proxy forms should be duly filled in, signed and stamped before depositing at the Registered Office of the Company.
4. Members are requested to lodge all valid transfer and transmission of shares and Power of Attorney and also to notify the change of address, if any, to the Company's Registered Office at Flat No's 403 & 404, Shobhanadri, H.No. 7-1-69/1/25, Dharamkaran Road, Ameerpet, Hyderabad - 500 016.
5. Shareholders having multiple Folio Numbers either in individual names or in joint names of the same order should intimate the Company so as to enable the Company to consolidate such Folios into one Folio.
6. Members are requested to bring their copies of the Annual Report with them to the Meeting.
7. Register of Members of the Company and Share Transfer Books will remain closed from 20th September, 2000 (Wednesday) to the 27th September, 2000 (Wednesday) both days inclusive.
8. The un-claimed and un-encashed dividend declared for the Financial Year 1993-94 was transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central

Government) Rules, 1978. Those members who have not claimed or encashed such dividend may approach the Registrar of Companies, Hyderabad for payment of such un-claimed/un-encashed dividend by complying with the prescribed procedures.

9. Members desirous of seeking any information / queries with regard to Accounts etc., are requested to write to "The Company Secretary, M/s. Raasi Refractories Limited, Flat No's 403 & 404, Shobhanadri, H.No. 7-1-69/1/25, Dharamkaran Road, Ameerpet, Hyderabad - 500 016 so as to reach him latest by 20th September, 2000, specifying the points requiring clarification from the Chairman.

10. NOMINATION FACILITY

The Companies (Amendment) Act, 1999 has by introducing Section 109A in the Companies Act, 1956 made provision for nomination facility to the Shareholders/ Debenture Holders / Deposit Holders. Accordingly, such Share/Debenture/Deposit Holders may nominate a person in whom the Share or Debenture or Deposit as the case may be, would vest with, in the event of formers death. This facility is mainly useful for all the holders who hold the shares/debentures/deposits in single name. In case where the shares/debentures/deposits are held in joint names, the nomination will get effective only on the death of all the holders.

The relevant Nomination Form with instructions is being sent along with this notice. Members are requested to read the form and the instructions set out therein carefully before nominating any person.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.

As required under Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets



RAASI REFRACTORIES LIMITED

out all material facts relating to the special business specified in item No's 5 & 6 of Notice of the Meeting.

ITEM NO. 5

Dr. Ashoke Banerjee was appointed as an Additional Director on the Board of the Company on 21st February, 2000. Pursuant to Section 260 of the Companies Act, 1956, Dr. Ashoke Banerjee ceases to be a Director at this Annual General Meeting.

A notice has been received by the Company from a member in writing along with a deposit of Rs.500/- signifying his intention to propose Dr. Ashoke Banerjee for the office of the Director of the Company. Dr. Ashoke Banerjee is an experienced legal professional with vast exposure to the legal world. He is a practising advocate in the Supreme Court of India and is also a member of various Governmental Organisations. In the interest of the Company and in view of his multifarious exposure of more than 15 years to the legal world, your directors are of the firm opinion that the Company will immensely benefit from the association of Dr. Ashoke Banerjee on the Board of the Company.

None of the Directors except Dr. Ashoke Banerjee is concerned or interested either directly or indirectly in the resolution.

The Board recommends the resolution for the approval of the members.

ITEM NO. 6

The members of the Company are aware that Sri.A.K.Singh has been appointed as Executive Director of the Company in the 17th Annual General

Meeting held on 30th December, 1999. The remuneration given by way of perquisites to Sri.A.K.Singh, Executive Director of the Company and as approved in the said meeting by the members of the Company has been rendered insufficient to cope up with the present inflationary trends in domestic prices in the recent economic scenario. Moreover, during the Financial Year (1999-2000) & also in the current financial year (2000-2001), the company has been successful in launching its products in the export market, a event which might not have been possible but for the constant effort of Sri. A.K.Singh, Executive Director of the Company.

Keeping in view all the factors as stated above, the Board of the Company has considered to revise the perquisite facility in respect of accomodation, gas, electricity, and water etc., given to the Executive Director as per the terms and conditions as set out in the resolution without altering any other terms and conditions as approved by the members of the Company in the 17th Annual General Meeting.

None of the Directors except Sri.A.K.Singh, Executive Director is concerned or interested either directly & indirectly in the resolution.

The Board recommends the resolution for the approval of the Members.

By Order of the Board
for RAASI REFRACTORIES LIMITED

Place : Hyderabad
Date : 28.08.2000

S.SREENIVAS
Company Secretary



RAASI REFRACTORIES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors present the Eighteenth Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2000.

1. FINANCIAL RESULTS

The Financial Results of the Company for the period under review are given below:

PARTICULARS	(Rs. in Lacs)	
	For the Year 1999-00	For the Year 1998-99
INCOME:		
1. Sales/(less excise, sales tax)	793.35	1484.19
2. Gross Profit	66.47	61.56
3. Interest	114.32	114.63
4. Depreciation	29.67	26.45
5. Profit before Tax	(77.52)	(79.52)
6. Provision for Tax	—	—
7. Profit/(loss) after Tax	(77.52)	(79.52)

2. REVIEW OF OPERATIONS

The sales figure of the Company has decreased by a margin of 46.55% for the year as compared to that of the sales figure of the previous year. As a consequence of Lock Out situation coupled with stiff competition and business depression faced by the steel as well as Refractory industry as highlighted at the 17th Annual General Meeting held on 30th December, 1999, the company has incurred a loss of Rs.77.52 Lacs for the year under consideration.

Despite the said consequences, your Company is maintaining consistent quality of products by using better quality and value added inputs which have also resulted in a substantial increase of heat guarantee stipulated by the Steel Plants. Your Company is also adopting various cost cutting measures viz., reducing the cost of production, wasteful expenditure etc., in order to cope up with the situation.

3. PROMISE VERSUS PERFORMANCE

Your Company has not made any promise or projection in any offer document relating to the issue of securities to the public. Therefore,

the compliance of clause 43 of Listing Agreement of the Stock Exchanges relating to disclosure of promise v/s performance for the financial year 1999-2000 and explanation of its variation does not apply to the Company.

4. CASH FLOW STATEMENT

A Cash Flow Statement is annexed herewith separately which forms part of the Directors' Report in compliance with the requirement of clause 32 of the Listing Agreement of Stock Exchange.

5. OUTLOOK FOR THE INDUSTRY IN FUTURE

As the members of the Company are aware that Steel Plants which are the major customers of the Company, are presently moving through a recession period. Moreover, at present various capital repair jobs are also not being undertaken by the Steel Plants and as such the Company is constrained to adjust to the present situation of the Steel Industry. As a consequence, the Refractory Industry is currently facing a slump in demand and low rate of capacity utilisation. The Refractory consumption in terms of tonnage also has reduced thereby paving way for stiff competition. The Steel Industry is expected to improve in the forthcoming years subsequent to which the Company foresees better prospects.

6. MARKETING

The team of Marketing and service personnel of the Company has been strengthened to take care of the Marketing aspects and service of the clients at all levels. Your Company has gained a significant reputation in the refractory market in terms of quality product being manufactured and effective & efficient services being rendered to the clients.

7. EXPANSION PROGRAMME

As informed at the 17th Annual General Meeting to the members of the Company, the expansion programme in respect of Basic / Special Refractories is nearing completion and in view of the same, the Company is expecting improvement in the coming years. The expansion programme has been unduly delayed by virtue of the temporary lock out declared by the Company in the last Financial Year, thereby affecting the Company in terms of its profitability. After completion of the



RAASI REFRACTORIES LIMITED

expansion programme, the Company foresees positive results in the performance of the Company.

8. CAPITAL EXPENDITURE

During the year under reference, your company has incurred a capital expenditure amounting to Rs.76.60 Lakhs towards purchase of 500 M.T. Hydraulic Press, partial purchase and fabrication of Shuttle Kiln etc.

9. DIRECTORS

Dr.Ashoke Banerjee was appointed as Additional Director of the Company on 21st February, 2000 and he holds office upto the date of the 18th Annual General Meeting and is eligible for re-appointment as per the terms set out in the notice of the 18th Annual General Meeting.

During the year State Bank of Hyderabad has withdrawn the nomination of Sri.T.Ramesh Babu as State Bank of Hyderabad Nominee Director from the Board of the Company.

Sri. R.Kunjithapatham and Sri. M.Ravindra Varma, Directors of the Company retire by rotation at the conclusion of the 18th Annual General Meeting and being eligible, offer themselves for re-appointment.

10. AUDITORS

M/s. B.N.& Company, Chartered Accountants, Auditors of your Company retire at the conclusion of the Eighteenth Annual General Meeting. The firm has expressed its willingness to be re-appointed as Auditors of the Company, if approved by the shareholders.

11. FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the public within the meaning of Section 58 A of the Companies Act, 1956.

12. PARTICULARS OF EMPLOYEES

Information pertaining to statement of particulars of Employees in pursuance of the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) rules, 1975 as amended is not annexed herewith as for the Financial Year ended 31.03.2000 no employee

of the Company falls within the provisions of the said section.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

Additional information as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in the Annexure in Form A and Form B which form part of this Report.

14. CORPORATE GOVERNANCE

The amended clause 49 of the Listing Agreement with the Stock Exchanges stipulates provisions for adherence to Corporate Governance code formalities by the Company latest by 31st March, 2003. The Board of Directors of the Company has decided to implement the same in a phased manner from the Financial Year 2000-2001.

15. ACKNOWLEDGEMENT

Your Directors wish to place on record their sense of gratitude and appreciation to the Central and State Governments and their agencies, IFCI, IDBI, ICICI, LIC and its subsidiaries, State Bank of Hyderabad and Andhra Bank for their unstint support and co-operation during the year under review of operation. Your Board of Directors acknowledge the co-operation of valued customers and suppliers.

Your Board of Directors also wish to place on record the valuable advice and guidance given from time to time by Sri. T.Ramesh Babu, SBH Nominee Director during his tenure as a Director on the Board of the Company.

Your Board of Directors also wish to express their sense of appreciation for the commitment and involvement of the employees of the Company in the performance and progress of the Company.

For and on behalf of Board
for RAASI REFRACTORIES LIMITED

Place : Hyderabad
Date : 29.06.2000

M.RAVINDRA VARMA
Chairman



RAASI REFRACTORIES LIMITED

INFORMATION PURSUANT TO CLAUSE 43A OF THE LISTING AGREEMENT WITH THE HYDERABAD STOCK EXCHANGE

The securities of the Company are listed in the Stock Exchanges as mentioned below and the Annual Listing Fee for the year 2000-2001 has been paid to each of the Exchange.

Name of the Stock Exchange	Address
1. The Hyderabad Stock Exchange Limited	3-6-275, Himayath Nagar Hyderabad-500 029.
2. The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai Pin : 400 001.

ANNEXURE TO THE DIRECTORS' REPORT

Information as required under section 217(1)(e) of the Companies Act, 1956 forming a part of Directors' Report.

FORM - A (See Rule - 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year 1999-2000	Previous Year 1998-99
A. Power and Fuel consumption		
1. Electricity		
a) Purchased		
i) Unit(kwh)	10,12,402	18,97,378
ii) Total Amount (Rs.)	46,92,138	71,39,280
iii) Rate/unit (Rs.)	4.63	3.76
b) Own Generation		
i) Through diesel generator		
i) Unit (kwh)	71,734	52,180
ii) Units per ltr. of diesel oil	2.60	2.78
iii) Cost/unit (Rs.)	5.48	3.96
ii) Through steam turbine/generator	Not	Not
i) Units	Applicable	Applicable
ii) Units per ltr. of fuel oil/gas		
iii) Cost/Units		
	Current Year 1999-2000	Previous Year 1998-99
2. Coal (specify quality and where used)	'C' Round grade coal used in gas producer plant and also in Down Draft Kilns.	
i) Quantity (tonnes)	2,051	3,555
ii) Total cost (Rs.)	41,67,598	65,50,125
iii) Average rate (Rs.)	2031.98	1842.51