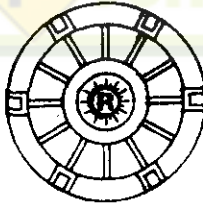


*17th  
Annual Report  
1998 - 99*

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**RAASI REFRACTORIES LIMITED**

**VENUE**

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

**DATE**

**THURSDAY, the 30TH DECEMBER, 1999**



**TIME**

**11.00 A.M.**



## RAASI REFRACTORIES LIMITED

### BOARD OF DIRECTORS

SRI M. RAVINDRA VARMA  
SRI A.K. SINGH  
SRI R. VARADARAJAN  
SRI T. RAMESH BABU  
SRI K.S.N. RAJU  
SRI R. KUNJITHAPATHAM  
SRI P.V.S.R. MURTHY

Chairman  
Executive Director  
L I C Nominee  
S B H Nominee  
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.

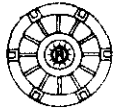
### REGISTERED & CORPORATE OFFICE

6-3-883/1, III Floor,  
Vishnu Cement Towers,  
Punjagutta,  
Hyderabad - 500 082.

### FACTORY

Lakshmipuram  
Narketpally  
Nalgonda District  
ANDHRA PRADESH - 508 254.

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## RAASI REFRACTORIES LIMITED

### NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE COMPANY

**NOTICE** is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of the members of RAASI REFRACTORIES LIMITED will be held on **Thursday, the 30th day of December, 1999 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, 1999 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 K.S.N.Raju who retires by rotation and being eligible offers himself for re-appointment.
3. 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**

##### **4. 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 Sri.P.V.S.R.Murthy for appointment as a Director having been received from a member under section 257 of the Companies Act, 1956, Sri.P.V.S.R.Murthy 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.

##### **5. APPOINTMENT OF SRI A.K.SINGH AS EXECUTIVE DIRECTOR OF THE COMPANY.**

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

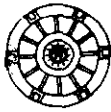
RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956, if any, read with Schedule XIII to the Act and subject to the approval of the Financial Institutions, consent of the members of the Company be and is hereby accorded for the appointment of Shri Ashok Kumar Singh as Executive Director of the Company w.e.f 30.04.1999 for a period of three years on the following terms and conditions:

- a) Salary : Rs. 20,000/- (Rupees Twenty thousand only) per month with 10% increment per annum.
- b) Commission : 1% on net profits of the Company computed in accordance with Sections 349 & 350 of the Companies Act, 1956.

In addition to the salary as stated above, Sri Ashok Kumar Singh shall be entitled to the following perquisites :

##### **PART - I :**

- i) Accomodation will be provided by the Company along with provision of Gas, Electricity and Water not to exceed 30% of salary per month.
- ii) Medical reimbursement :  
Expenditure incurred for self and family subject to a ceiling of one month's salary per year or three months salary in a period of three years.



## RAASI REFRACTORIES LIMITED

### iii) Leave Travel Concession :

For self and family subject to a ceiling of one month's salary per year.

### PART - II :

He shall also be eligible for the following perquisites which shall not be included in the computation of ceiling on remuneration :

- a) Contribution to Provident Fund.
- b) As per the rules of the Company, Gratuity payable for a minimum period of 5 years service at the rate of not exceeding half a month's salary for each completed year of service, and
- c) Encashment of leave at the end of the tenure.

### PART - III :

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to him.

RESOLVED FURTHER THAT in pursuance of the provisions of Section 198 (4) of the Companies Act, 1956, Sri Ashok Kumar Singh, Executive Director may be paid the above remuneration including benefits and amenities as a minimum remuneration in the event of absence or inadequacy of net profits in any financial year, in accordance with the provisions of Section II of Part-II of Schedule XIII to the Companies Act, 1956."

### 6. APPROVAL BY THE MEMBERS OF THE COMPANY FOR COMMENCEMENT OF NEW BUSINESS.

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

RESOLVED THAT pursuant to the provisions of Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956

approval of the members of the Company be and is hereby accorded to the Company for commencement of business as specified in clause (11) (as specified below) of the "Other Objects" clause of the Memorandum of Association of the Company.

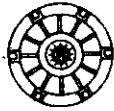
"To carry on the business of processing, selling, distributing, developing, manufacturing, modifying, installing, using, servicing, running, importing and exporting, directly or indirectly all branches of computer software and hardware in India as well as overseas and to do all acts, deeds, things that are necessary to achieve the above goals."

### 7. ALTERATION OF OTHER OBJECTS CLAUSE FOR DIVERSIFICATION INTO THE POWER RELATED AREAS ETC.,

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

RESOLVED THAT pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1996, the "Other Objects" clause of the Memorandum of Association of the Company be and hereby altered by inserting the following clauses immediately after the existing clause (13) in the following manner:

14. To generate, harness, develop, accumulate, distribute and supply electricity by setting up thermal power plants by use of liquid, gaseous or solid fuels for the purpose of light, heat, motive power, and for all other purposes for which electric energy can be employed. To carry on and generate power supply either by hydro, thermal, gas, air, diesel oil or through renewable energy sources such as solar, photo voltaic, wind mill and or any other means. To transmit, distribute supply and sell such power either directly or through transmission lines and facilities of Central/State Governments or private companies or Electricity Boards to industries and to Central/State Governments, other consumers of electricity including for



## RAASI REFRATORIES LIMITED

captive consumption for any industrial projects promoted by this Company or promoter companies, and generally to develop, generate, accumulate power at any other place or places and to transmit, distribute, sell and supply such power.

15. To construct, establish, operate, manage power stations, boiler houses, steam turbines, generators, switch yards, transformer yards, sub-stations, transmission lines, accumulators, workshops and all such works necessary for generating, accumulating, distributing and supply of electricity. To construct, lay down, establish, fix, erect, equip and maintain power generating machinery, fuel cleaning equipments, fuel generating equipments with any combination of fuels such as diesel oil, furnace oil, sludge, biomass fuel and all other types of fuels and all other types of Plant and Machinery, electrical equipment and cables, Computer and Control equipment, transmission lines, accumulators, fittings and apparatus in the capacity of principals, contractors or otherwise.
16. To carry on the business of consultants and contractors in setting up all types of plants for production of electrical energy and also to undertake research and development programmes in the field of electricity, electronics and other allied fields thereon.
17. To acquire concessions or licences granted by or to enter into contracts with the Government of India or any State Government, Municipal or local authority, Company or person in India for the construction, operation and maintenance of any electric installation for the production, transmission or use of electric power for lighting, heating, signalling, telephonic traction, motive or any other purposes or for trade, industrial, manufacturing, or any other purposes as may be mutually agreed together with required movable and immovable facilities such as land, building, railway sidings, site or sites of Central/ State Governments/Electricity Boards as per the terms and conditions conducive to the interest of the Company and to pay therefore in terms

of shares of the Company or in any other manner mutually decided and with the object aforesaid to enter into and to execute such agreements, guarantees, deeds and documents as may be proper, necessary or expedient.

18. To carry on the business of electrical, electronics, telecommunication, mechanical, civil and chemical engineers and contractors, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacture of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity (including in the term electricity all power that may be directly or indirectly derived therefrom or may be incidentally hereafter discovered in dealing with electricity, solar energy, tidal power or any other natural resources), galvanism, magnetism or otherwise.

By order of the Board  
for RAASI REFRATORIES LIMITED

Place : Hyderabad  
Date : 01.12.1999

**S.SREENIVAS**  
Company Secretary

### 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.



## RAASI REFRACTORIES LIMITED

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 6-3-883/1, III Floor, Vishnu Cement Towers, Punjagutta, Hyderabad - 500 082.
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 Foliros 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 23rd December, 1999 (Thursday) to the 30th December, 1999 (Thursday) 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, 6-3-883/1, III Floor, Vishnu Cement Towers, Punjagutta, Hyderabad - 500 082 so as to reach him latest by 20th December, 1999, specifying the points requiring clarification from the Chairman.

### 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 out all material facts relating to the special business specified in item No's 4 to 7 of Notice of the Meeting.

### ITEM NO.4

Sri.P.V.S.R.Murthy was appointed as an Additional Director on the Board of the Company on 28th September, 1999. Pursuant to Section 260 of the Companies Act, 1956, Sri. P.V.S.R.Murthy ceases to be a Director at this Annual General Meeting.

A notice has been received by the Company from a member along with a deposit of Rs.500/- signifying his intention to propose Sri.P.V.S.R.Murthy for the office of the Director of the Company. Sri.P.V.S.R.Murthy is a Fellow Member of the Institute of Chartered Accountants of India and a Graduate Member of the Institute of Cost & Works Accountants of India. He is a practising Chartered Accountant with vast exposure to the Corporate, Finance and Accounts and Taxation areas. He is also a Promoter Director of Acumen Group of Companies. In view of his multifarious exposure to the Corporate world, your Directors are of the firm opinion that the Company will immensely benefit from the association of Sri.P.V.S.R.Murthy on the Board of the Company in the interest of the Company.

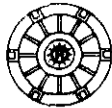
None of the Directors except Sri.P.V.S.R.Murthy is concerned or interested in the resolution.

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

### ITEM NO.5

Sri.A.K.Singh has been appointed as Executive Director of the Company with effect from 30th April, 1999. Sri.A.K.Singh is a graduate in Ceramic Engineering. He is having a rich experience of around 25 years in the Refractory Industry with specialisation in areas related to manufacture of Refractory Products. He is associated with the Company since November, 1997 and held various prestigious offices like Sr.Vice President, President etc., in the Company.

In view of Resignation of Dr.B.V.Raju, Ex-Chairman of the Company and appointment of Sri.M.Ravindra Varma, Ex-Managing Director of the Company as Chairman of the Company, statutory provisions and the interest of the Company, it is necessary to appoint a capable and eminent person to manage the affairs of the Company at this juncture. Under these



## RAASI REFRACTORIES LIMITED

circumstances, the Board of Directors have at their Meeting held on 30th April, 1999 appointed Sri.A.K.Singh as the Executive Director of the Company subject to the approval of Members of the Company and Financial Institutions.

Your Board is of the opinion that it will be in the best interest of the Company to appoint him as Executive Director of the Company in view of his specialisation, vast knowledge and tremendous experience. The said appointment requires the approval of members by way of a resolution passed at the General Meeting. An application for the purpose has been made to the Financial Institutions for their approval.

None of the Directors except Sri.A.K.Singh is concerned or interested in the Resolution.

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

### **ITEM NO.6**

The Members of the Company gave their approval for diversification into other areas for enlargement of operations of the Company in the Extra-ordinary General Meeting held on 28th December, 1994. Accordingly clauses 7 to 13 of the "Other Objects" clause of the Memorandum of Association of the Company were altered after getting confirmation from the Company Law Board. The amended clause (11) in the "Other Objects" clause relates to dealing in business of selling of Computers and other matters connected with sale of Computers, etc. Keeping in view the major developments and business opportunities available in the information technology and Computer related areas in the Current Economic Scenario, your Board of Directors are of the opinion that it is fit to commence business in respect of the same for the immense benefit and interest of the Company by way of procuring orders etc., from Government, Private and other authorities. The event will also help in mobilising financial resources into the Company.

A copy of the Memorandum and Articles of Association of the Company is available at the Registered Office of the Company for inspection by the Members of the Company till the conclusion of the Meeting.

None of the Directors except Sri.M.Ravindra Varma, Chairman is concerned or interested in the resolution.

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

### **ITEM NO.7**

In the current economic scenario, where business prospects in the electricity/ power related areas are considered much beneficial, and in respect of which special thrust is accorded to the promotion, development etc., of power sector, your company would like to fully avail of the business opportunities available in the power / electricity sector.

As the above mentioned activity is not authorised by the present Memorandum and Articles of Association, the resolution is being proposed to amend the same so as to enable the Company to take up the proposed activity as and when found required and appropriate.

This would also give scope to the company for enlarging its operations. The activity can be carried on conveniently and advantageously along with the existing refractory business in the best interest of the company.

A copy of the Memorandum and Articles of Association of the Company is available at the Registered Office of the Company for inspection by the Members of the Company till the conclusion of the Meeting.

None of the Directors except Sri.M.Ravindra Varma, Chairman is concerned or interested 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 : 01.12.1999

**S.SREENIVAS**  
Company Secretary





## RAASI REFRACTORIES LIMITED

### DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 1999.

#### 1. FINANCIAL RESULTS

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

PARTICULARS	(Rs. in Lacs)	
	For the Year 1998-99	For the Year 1997-98
1. Sales excluding excise, sales tax	1530.46	1491.19
2. Gross Profit	74.92	207.87
3. Interest and Finance Expenses including bank charges	127.99	138.16
4. Depreciation	26.45	25.46
5. Profit/(loss) before Tax	(79.52)	44.25
6. Provision for Tax	—	18.09
7. Profit/(loss) after Tax	(79.52)	26.16

#### 2. REVIEW OF OPERATIONS

The sales figure of the company has increased by a margin of Rs. 39.27 lacs for the year as compared to that of the previous year sales. However, due to the business depression faced by the steel industry, stiff competition etc., the company has incurred a loss of Rs. 79.52 lacs.

Your company is adopting various measures to reduce cost of production, wasteful expenditure etc. Your company has been maintaining consistent quality of products by using better quality and value added inputs to achieve the standard performance in terms of heat guarantee stipulated by the steel plants despite competitive situation. Your company is dedicated to maintain the consistent quality despite the reduction in margin and increase in costs.

#### 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 1998-99 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

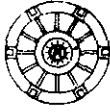
The steel industry is currently moving through a bad phase. Your company supplies around 70% of its products to Steel Plants which are its major customers. The Refractory consumption in terms of tonnage has also come down paving way for stiff competition. In view of the same, the Company is adopting various cost cutting measures to alleviate the situation. As and when the steel industry turns around, the company foresees better prospects. As informed to the Members of the Company in the 16th Annual General Meeting of the Company, the expansion programme is also being implemented in respect of manufacture of basic and special refractories which are considered as high value added products. In view of the same, the company expects better prospects in the near future.

#### 6. MARKETING

The team of Marketing and service personnel of the Company is being still more 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 highlighted at the 16th Annual General Meeting of the Company, the expansion programme in respect of Basic and Special Refractories is being implemented and is expected to derive beneficial results upon its



## RAASI REFRACTORIES LIMITED

implementation, thereby paving way for enhancement of the profitability of the Company. The amount of Rs.1 Crore received by the Company by way of issue of 10,00,000 equity shares to Smt.M.Haritha, a core promoter of the Company on preferential allotment basis was fully utilised for implementation of the expansion programme. The equipment finance released by the Financial Institutions has also been utilised for the above purpose. The Company expects positive results in the performance of the Company in view of the same.

### 8. DIVERSIFICATION PLANS

The Company had obtained approval of the members of the Company in the Extra-ordinary General Meeting held on 28th December, 1994 for diversifying into the areas of selling of software and hardware related materials connected with Computers etc. In the year 1995, the Company Law Board also accorded its approval for the same.

In view of major developments and visible opportunities in the info-tech related areas, your Company has a proposal to commence business in these areas without causing any obstruction to the present Refractory activity. This will also help inflow of financial resources into the Company for the immense benefit of the Company. The proposal as such requires approval by the Members of the Company by way of a Special Resolution.

In order to enlarge the operations of the Company and also to avail the attractive opportunities / business prospects in the power sector related areas, the Company has future plans to diversify into the same. The diversification activity can be conveniently and advantageously carried on along with the present existing refractory business. The event will also help in moping up considerable financial resources into the Company for the immense benefit of the Company. The said diversification proposal requires amendment in the "Other Objects Clause" of the Memorandum of Association of the Company. As such, the said proposal requires approval by the Members of the Company by way of a Special Resolution.

### 9. CAPITAL EXPENDITURE

During the year under reference, your company has incurred a capital expenditure amounting to Rs.87.11 lacs towards purchase of 400 Ton Auto Press, 80 ton Hydraulic Press, Magnetic Separator, Compressor, partial purchase and fabrication work of shuttle kiln etc.

### 10. DIRECTORS

Dr. B.V.Raju, Chairman and Sri K.V.Vishnu Raju, Director have resigned from their services in April, 1999.

Sri M.Ravindra Varma, Managing Director has resigned from his services in April, 1999. The Board of Directors in their meeting held on 30-4-1999 accepted the resignation of Sri M. Ravindra Varma, Managing Director w.e.f. 30-6-1999 and appointed him as Chairman of the Company w.e.f. 1-7-1999.

Sri A.K.Singh, a technical professional and refractory expert has been appointed as the Executive Director of the Company by the Board in their meeting held on 30th April, 1999. The appointment is required to be made by a resolution passed at the General Meeting as per the terms & conditions set out in the Notice of the 17th Annual General Meeting and as such is placed before members.

The Board of Directors have on 28th September, 1999 appointed Sri.P.V.S.R.Murthy as Additional Director of the Company and he holds office upto the 17th Annual General Meeting and is eligible for re-appointment as per terms set out in the notice of the 17th Annual General Meeting.

Sri. K.S.N.Raju retires by rotation at the conclusion of the 17th Annual General Meeting and being eligible, offers himself for re-appointment.

### 11. AUDITORS

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