

**20th  
Annual Report  
2001 - 2002**



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**RAASI REFRATORIES LIMITED**

***Nainam Chindati Sastrani Nainam Dahati Pavakah Na Cainam Kledayantyapo  
Nasosayate Marutah***

**-Bhagvad Gita**



**Padmabhushan Dr. B.V. RAJU**  
**Founder of RAASI GROUP OF COMPANIES**

**Born: 15-10-1920**

**Died: 8-6-2002**

*A man who approached life's challenges with zest and integrity.  
For whom life was work to be pursued with boundless energy and relentless  
spirit and whose generous heart forever embraced the hardships of all around him.  
You will always be our inspiration and forever live in our hearts.*



## RAASI REFRACOTORIES LIMITED

### BOARD OF DIRECTORS

1. Sri. M.Ravindra Varma	Chairman & Managing Director
2. Sri.A.K.Singh	Executive Director (Operations) (Resigned w.e.f. 12.08.02)
3. Sri.M.L.Vijaya Rama Raju	Whole-Time-Director
4. Sri.R.Varadarajan	Director (Expired on 23.08.02)
5. Sri.K.S.N.Raju	Director
6. Sri.R.Kunjithapatham	Director
7. Sri.P.V.S.R.Murthy	Director
8. Dr.Ashoke Banerjee	Director
9. Sri.A.V.S.S.Raju	Director

### AUDIT COMMITTEE

1. Sri.P.V.S.R.Murthy	Chairman
2. Sri.R.Kunjithapatham	Member
3. Dr.Ashoke Banerjee	Member
4. Sri.A.V.S.S.Raju	Member

### SHARE HOLDERS / INVESTORS GRIEVANCE COMMITTEE

1. Sri.A.V.S.S.Raju	Chairman
2. Sri. M.Ravindra Varma	Member
3. Sri.R.Kunjithapatham	Member
4. Dr.Ashoke Banerjee	Member

### REMUNERATION COMMITTEE

1. Sri.R.Kunjithapatham	Chairman
2. Sri.R.Varadarajan	Member
3. Dr.Ashoke Banerjee	Member
4. Sri.A.V.S.S.Raju	Member

### COMPANY SECRETARY

Ms. Mary Monica Braganza

### AUDITORS

#### B.N.& COMPANY

Chartered Accountants  
8-2-120/112/A/14, Road No.9  
Jubilee Hills, Hyderabad - 500 033

### BANKERS

State Bank of Hyderabad,  
Industrial Finance Branch,  
Punjagutta, Hyderabad 82

Andhra Bank,  
Ashok Nagar Branch,  
Hyderabad - 500 020

### REGISTERED OFFICE

8-2-120/112/A, Plot No.15  
Road No.9 Jubilee Hills,  
Hyderabad - 500 033

### FACTORY

Lakshmipuram  
Narketpally, Nalgonda District  
Andhra Pradesh - 508 254

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## RAASI REFRAC TORIES LIMITED

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

Notice is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the members of Raasi Refractories Limited will be held on **Saturday 28<sup>th</sup> September 2002 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 31<sup>st</sup> March, 2002 and the Profit and Loss Account for the Financial Year ended on that date and the reports of the Director's and Auditor's 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 Dr. Ashoke Banerjee 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. 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 Companies Act, 1956, if any, read with Schedule XIII to the Act and subject to the approval of the Financial Institutions and other appropriate government agencies, consent of

the members of the Company be and is hereby accorded for the appointment of Sri. M. Ravindra Varma as Managing Director of the Company for a period of 3 years w.e.f. 01.05. 2002 without any remuneration.

6. 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, 311 and other applicable provisions of Companies Act, 1956, if any, read with Schedule XIII to the Act and subject to the approval of the Financial Institutions, Central Government if required, consent of the members of the Company be and is hereby accorded for the appointment of Sri. Ashok Kumar Singh as Executive Director (Operations) of the Company w.e.f. 30.04.2002 to 12.08.2002 (earlier appointed for a period of 3 years by the Board of Directors) on the following terms and conditions.

#### **a. Salary**

Rs. 26620 per month with 10% increment per annum.

#### **b. Perquisites and allowances:**

In addition to the salary stated above Sri. Ashok Kumar Singh shall be entitled to the following perquisites and allowances:

#### Part - I

- i. Accommodation will be provided by the company along with amenities viz., gas, electricity, water and other utilities. The expenditure in respect of provision of accommodation shall not exceed Rs. 10000/- (Rupees ten thousand only) per month. The actual expenditure incurred in respect of gas, electricity and water shall be reimbursed by the company subject to production of bills concerned.
- ii. Medical reimbursement: Expenditure for self and family subject to a ceiling of one months salary per year or three month's salary in a period of 3 years.
- iii. Leave Travel Concession: For self and family subject to a ceiling of one month's salary per year.



## RAASI REFRATORIES LIMITED

### Part - II

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

- i. Contribution to Provident Fund
- ii. As per the rules of the company, Gratuity will be payable for a minimum period of 5 years service at a rate not exceeding half a month's salary for each completed year of service and
- iii. 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 perquisite. Personal long distance call on telephone and use of car for private purpose shall be billed by the company to him.

RESOLVED FURTHER THAT Pursuant to section 198(4) of the Companies Act, 1956 Sri. Ashok Kumar Singh, Executive Director (Operations) may be paid the above remuneration including benefits and amenities as 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.

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

RESOLVED THAT Sri. M.L.Vijaya Rama Raju, who was appointed by the Board of Directors as Additional Director of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as Director of the Company.

8. 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 Companies Act, 1956, if any, read with Schedule XIII to the Act and subject to the approval of the Financial Institutions, Central Government if required consent of the members of the Company be and is hereby accorded for the appointment of Sri. M.L. Vijaya Rama Raju as Whole-Time-Director of the Company for a period of 3 years w.e.f. 01.05. 2002 on the following terms and conditions.

#### **a. Salary**

Rs. 12000 per month with 10% increment per annum.

#### **b. Perquisites and allowances:**

In addition to the salary stated above Sri. M.L. Vijaya Rama Raju shall be entitled to the following perquisites and allowances:

### Part - I

- i. Accommodation will be provided by the company along with amenities viz., gas, electricity, water and other utilities. The expenditure in respect of provision of accommodation shall not exceed Rs. 3000/- (Rupees three thousand only) per month. The actual expenditure incurred in respect of gas, electricity and water shall be reimbursed by the company subject to production of bills concerned.
- ii. Medical reimbursement: Expenditure for self and family subject to a ceiling of one months salary per year or three month's salary in a period of 3 years.
- 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 computation of ceiling on remuneration:

- i. Contribution to Provident Fund
- ii. As per the rules of the company, Gratuity will be payable for a minimum period of 5 years service at a rate not exceeding half a month's salary for each completed year of service and



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- iii. 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 perquisite. Personal long distance call on telephone and use of car for private purpose shall be billed by the company to him.

RESOLVED FURTHER THAT Pursuant to section 198(4) of the Companies Act, 1956 Sri. M.L. Vijaya Rama Raju, Whole-Time-Director may be paid the above remuneration including benefits and amenities as 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

By Order of the Board

Date : 26.08.2002

Mary Monica Braganza

Place : Hyderabad

Company Secretary

### **NOTES:**

1. The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to special business to be transacted at the meeting is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxy to attend the meeting and vote on poll instead of himself. The proxy need not be a member of the company.
3. Proxies, in order to be effective, must be lodged with the company at its registered office at least 48 hours before the commencement of the meeting.
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 8-2-120/112/A, Plot No. 15, Road No. 9, Jubilee Hills, Hyderabad - 500 033.
5. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc., to their Depository Participants (DP).
6. 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.
7. Members are requested to bring their copies of the Annual Report with them to the Meeting.
8. Register of members of the Company and Share Transfer Books will remain closed from 21<sup>st</sup> September 2002 (Saturday) to 28<sup>th</sup> September 2002 (both days inclusive)
9. Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends declared for the financial year 1993-1994 have been 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 member 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.

Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of such claims by the Fund. Members who have not encashed the dividend warrants so far for the financial years 1994-95 and 1995-96 are requested to make their claims to the Company accordingly without any delay.

10. Members are advised to avail the nomination facility as per the amended Companies Act, 1956 for which nomination form is provided.



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11. Members desiring any information as regards accounts are requested to write to the Company Secretary atleast seven days before the date of the meeting to enable the management to keep the information ready at the meeting.

12. As required under clause 49(VI) of the Listing Agreement given below is the details of the Directors who are retiring and are eligible for re-appointment.

**Sri. R. Kunjithapatham** a technocrat is a senior member on the Board of the Company. He has over 40 years experience in Cement and Refractory Industries. Sri. R. Kunjithapatham is a Director in the following companies – Tamilnadu Cements Corporation Limited, and Anjani Portland Cement Ltd. Sri. R. Kunjithapatham is a member of the following committees of your Company – Audit

Committee, Shareholders/Investor Grievances Committee and Remuneration Committee.

**Dr. Ashoke Banerjee** M.A. , LLB, PHD, is a practicing advocate in the Supreme Court of the India and is also a member of various governmental organizations. Dr. Ashoke Banerjee has over 15 years of experience as a legal professional. Dr. Ashoke Banerjee does not hold any other directorships other than in your Company. Dr. Ashoke Banerjee is a member of the following committees of your Company – Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee.

By Order of the Board

Date : 26.08.2002  
Place : Hyderabad

**Mary Monica Braganza**  
Company Secretary

### Explanatory Statement Pursuant to the Provision of Section 173 (2) of the Companies Act, 1956.

#### ITEM NO. 5

Sri. M. Ravindra Varma, Chairman of the company was appointed Managing Director at the Board Meeting held on 30.04.2002. Sri. M. Ravindra Varma, B.E., M.S (Industrial Engineering) and M.S(Electronics) USA, is well experienced in refractory industry, in order to utilize his services and contribution on a continuous basis for effective and efficient development and implementation of various progressive policies of the company, the Board of Directors at their meeting held on 30.04.2002 unanimously appointed Sri. M. Ravindra Varma as Managing Director of the company for a period of 3 years w.e.f. 01.05.2002 without any remuneration.

Sri. M. Ravindra Varma is a Director in Raasi Finance & Investments Limited, Raasi Information Systems Limited and Raasi Netcom Limited, he is also the Chairman & Managing Director of Raasi Enterprise & Solutions Limited. Sri. M. Ravindra Varma is a member of the Shareholders/Investor Grievance committee of the Board.

The explanatory statement together with the accompanying notice should be treated as abstract of the terms of agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Resolution is accordingly recommended for the approval of the members.

None of the Directors except Sri. M. Ravindra Varma and Sri. K.S.N. Raju is concerned or interested in the Resolution.

#### ITEM NO. 6

The term of Sri. Ashok Kumar Singh, as Executive Director of the Company ended on 29.04.2002. In view of expiry of his term, Sri. Ashok Kumar Singh was appointed as Executive Director (Operations) at the Board Meeting held on 30.04.2002 for a period of 3 years w.e.f. 30.04.2002 on the terms and conditions contained in the notice. The terms of the said appointment was approved by the Remuneration Committee.

However due to personal reasons Sri. Ashok Kumar Singh resigned from the Company's Board and the same was approved w.e.f. 12.08.2002 by the Board





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of Directors at their meeting held on 26.08.2002. The appointment and payment of remuneration to Sri. Ashok Kumar Singh pursuant to Section 198, 269, 309 and 311 of the Companies Act, 1956 read with Schedule XIII of the said Act, for the period 30.04.2002 to 12.08.2002 requires the approval of the members of the company.

Your Board recommends the same for your approval.

The explanatory statement together with the accompanying notice should be treated as abstract of the terms of agreement and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

None of the Directors except Sri. Ashok Kumar Singh is concerned or interested in the Resolution.

### ITEM NO. 7 AND 8

Sri.M.L.Vijaya Rama Raju was appointed as additional Director pursuant to section 260 of the Companies Act, 1956 by the Board at its meeting held on 30.04.2002. The Board at the same meeting appointed Sri.M.L.Vijaya Rama Raju as Whole-Time Director of the Company w.e.f. 01.05.2002 for a period of 3 years. The terms of the said appointment was approved by the Remuneration Committee.

Sri. M.L.Vijaya Rama Raju holds a master degree in Commerce and has over 20 years experience in the

areas of Finance, Administration, and Legal & Secretarial matters. Sri.M.L.Vijaya Rama Raju does not hold any other directorship other than in your company, he is also not a member of any committee of the Board.

Under Section 260 of the Companies Act, 1956 Sri.M.L.Vijaya Rama Raju holds office as Additional Director up to the date of the Annual General Meeting. The Company has received a notice from a Member signifying his intention to propose the appointment of Sri.M.L.Vijaya Rama Raju as Director of the Company. The said notice is accompanied by a deposit of Rs.500/- as required by law.

The explanatory statement together with the accompanying notice should be treated as abstract of the terms of agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Resolution is accordingly recommended for the approval of the members.

None of the Directors except Sri.M.L.Vijaya Rama Raju is concerned or interested in the said Resolution.

By Order of the Board

Place : Hyderabad  
Date : 26.08.2002

Mary Monica Braganza  
Company Secretary

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## RAASI REFRACTORIES LIMITED

### DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors hereby present the twentieth annual report on the business and operations of the company and the audited statements of accounts for the year ended 31<sup>st</sup> March 2002.

#### 1. Financial Results and Operations

The summarized financial results for the year ended 31<sup>st</sup> March 2002 as compared with the previous year is as under:

(Rs. in Lacs)		
Particulars	For the Year 2001-02	For the Year 2000-01
a. Sales & incentives (less excise & sales tax)	1307.96	1100.12
b. Gross Profit	82.25	114.50
c. Interest	95.31	107.91
d. Depreciation	36.85	31.94
e. Profit before tax	(49.91)	(25.35)
f. Prior period adjustments (net)	(0.84)	60.15
g. Provision for taxation		
- Current	0.00	0.00
- Deferred	12.06	0.00
h. Net profit/(loss)	(62.81)	34.80

It was yet another challenging year for the company. The persisting lack of buoyancy in the economy continued to be a concern during the year 2001-02. The slow down in industrial operations resulted in a decline in refractories off take in the consuming industries. Despite strong competition the sales figure of the company had increased by a margin of 19% for the year in comparison to the sales of the previous year. Your company has during the year under review achieved an all time record of Rs. 182.93 lakhs as performance incentives. Your company has been maintaining consistent quality of products by using better quality and value added inputs in order to achieve the standard performance in terms of heat guarantee stipulated by steel plants. Your company is dedicated to maintain consistent quality despite reduction in margins and increase in cost.

In spite of vigorous cost reduction measures as well as lower interest burden, your company has incurred a loss of Rs. 49.91 lakhs (before provision for taxes and prior period adjustments) which is mainly attributed to fall in net realisation, increase in raw material and other related costs such as freight etc., coupled with low capacity utilization and stiff competition.

The statutory change in accounting policy by implementation of the accounting standard on "Accounting for taxes on income" has resulted in Rs. 56.17 lakhs accumulated deferred tax liability (net) upto 31.03.2001 of which Rs. 47.91 lakhs has been charged to General Reserve and the balance together with the current deferred tax liability of Rs. 3.80 lakhs for the year 2001-02 aggregating Rs. 12.06 lakhs has been charged to the profit & loss account.

#### 2. Promises 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 the listing agreement of the stock exchanges relating to disclosure of promises Vs performance for the financial year 2001-02 and explanation of its variation does not apply to the company.

#### 3. Future Outlook

With 75 per cent of total refractory sales going to steel industry globally, the fortunes of refractory industry are closely linked to steel industry, which is marred by low demand, low product prices and high unused capacity. In case of your company 75% of the total refractory sales are to steel plants. In order to meet these challenges the company has taken many new initiatives including developing new products and providing total refractory management services to its customers. The company is also contemplating substantial expansion of its operations into export market in addition to catering to the requirement of domestic customers. As a result, operating performance of the company is expected to improve in the ensuing years.

#### 4. Sale of vacant surplus land and reduction of loan liability

To reduce the interest burden and improve the profitability, your Board has decided to dispose off the vacant surplus lands at the factory premises and utilize the proceeds thereof to repay the outstanding loan liabilities. The sale of land will not effect either the existing operations nor the proposed expansions.



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### 5. 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.

### 6. Directors

The term of office of Sri. A.K. Singh as Executive Director ended on 29.04.2002. He was appointed as Executive Director (Operations) w.e.f. 30.04.2002 at the Board meeting held on 30.04.2002. At the said meeting Sri. M. Ravindra Varma was appointed as Managing Director and Sri. M.L. Vijaya Rama Raju was appointed as Whole-Time-Director.

The above appointments require the approval of members, for which necessary resolution has been incorporated in the notice of Annual General Meeting.

Sri. R. Kunjithapatham and Dr. Ashoke Benerjee retire by rotation at the conclusion of the 20<sup>th</sup> Annual General Meeting and being eligible offer themselves for re-appointment.

### 7. Directors Responsibility Statement

As per the requirement of section 217(2AA) of the Companies Act, 1956, in respect of the Director's responsibility statement, the Directors of the company hereby confirm.

a. That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for the year under review.

c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.

d. That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2002 on a 'going concern basis'.

### 8. Auditors

M/s B.N. & Company, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the twentieth annual general meeting and are eligible for re-appointment.

### 9. Fixed Deposits

The company has not accepted any fixed deposits from the public within the meaning of section 58A of the Companies Act, 1956.

### 10. Particulars of Employees

None of the employee of the Company was in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence particulars as required under the Companies (Particulars of Employees) Rules, 1975 are not given.

### 11. Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo

Particulars pursuant to the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure - A.

### 12. Corporate Governance

A separate report on corporate governance along with Auditor's certificate on its compliance is attached to this report.

### 13. Acknowledgement

Your Directors wish to place on record the sincere thanks for the co-operation and support received from various agencies of the Central and State Government as also from the company's bankers IFCI, LIC, GIC and its subsidiaries, State Bank of Hyderabad and Andhra Bank.

Your Director's also take this opportunity to place on record their appreciation of the dedication and sense of commitment shown by the employees at all levels and their contribution towards the performance of the company.

For and on behalf of Board  
for RAASI REFRAC TORIES LIMITED

M.RAVINDRA VARMA

Chairman &  
Managing Director

Place : Hyderabad  
Date : 27.06.2002