

**25th
Annual Report
2006 - 2007**

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RAASI REFRACTORIES LIMITED



RAASI REFRACORIES LIMITED

BOARD OF DIRECTORS

1. Sri. Ashok Kumar Agarwal	Executive Chairman
2. Sri. Sanjay Agarwal	Director
3. Sri. Muralidhar Agarwal	Director
4. Sri. Mahesh Kumar Agarwal	Director
5. Sri. Natwar Lath	Director
6. Sri. R.C. Biswas	Director-Operations
7. Sri. Pramod Kumar Agarwal	Director
8. Sri. Kiriti.D. Sanghvi	Director

AUDIT COMMITTEE

1. Sri. Muralidhar Agarwal	Chairman
2. Sri. Natwar Lath	Member
3. Sri. Pramod Kumar Agarwal	Member

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

1. Sri. Muralidhar Agarwal	Chairman
2. Sri. Natwar Lath	Member
3. Sri. Sanjay Agarwal	Member

REMUNERATION COMMITTEE

1. Sri. Muralidhar Agarwal	Chairman
2. Sri. Natwar Lath	Member
3. Sri. Kiriti.D. Sanghvi	Member

AUDITORS

S.R.B & Associates
Chartered Accountants
2A, Druvatar Apartments,
Behind Medinova Hospital,
Somajiguda, Hyderabad 500 082

BANKERS :

State Bank of Hyderabad,
Industrial Finance Branch,
Punjagutta,
Hyderabad-500 082

Andhra Bank,
Ashok Nagar Branch,
Hyderabad-500 020

State Bank of India
Commercial Branch
Bank Street, Koti,
Hyderabad- 500 095

State Bank of Bikanar & Jaipur
RP Road,
Secunderabad-500 003

REGISTERED OFFICE

6-3-349/20, Alpha Business Centre, IInd Floor,
Road No.1, Banjara Hills, Hyderabad-500 034.
www.raasirefractory@rediffmail.com



RAASI REFRACTORIES LIMITED

FACTORY	Lakshmipuram, Narketpally, Nalgonda District, Andhra Pradesh-508 254.
Registrars & Transfer Agent	Aarathi Consultants Private Limited 1-2-285, Domalguda, Hyderabad Tel No. 91-40-2763 8111, 2764445 Fax No. 91-40-2763 2184 Website : www.aarthiconsultants.com
Listing :	The Hyderabad Stock Exchange, Bombay Stock Exchange Limited
Annual General Meeting	Date : 27th September, 2007 Time : 11.00 A M Day : Thursday Venue : Bhaskara Auditorium B M Birla Science Centre, Adarshnagar, Hyderabad - 500 063.
Book Closure	21st September, 2007 to 27th September, 2007

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RAASI REFRATORIES LIMITED

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of Raasi Refractories Limited will be held on Thursday, the 27th day of September, 2007 at 11:00 am at Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad 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 2007, and the Profit and Loss Account for the Financial Year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To consider the appointment of Sri Sanjay Agarwal who retires by rotation and being eligible offers himself for reappointment.
3. To consider the appointment of Sri. Natwar Lath who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT M/S SRB & Associates, Chartered Accountants, Hyderabad, be and are hereby appointed as Statutory 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:

6. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 including any

statutory modification or re-enactment thereof, approval of the members of the Company be and is hereby accorded to the appointment of Sri. Ashok Kumar Agarwal as the Executive Chairman of the Company, entrusting him with Executive and Managerial powers, for a period of three years with effect from 15th September, 2006 on non remuneration basis"

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof, that may hereafter be made by the Central Government from time to time), and such other approvals if any, as may be required, consent of the shareholders of the Company be and is hereby accorded for the appointment of Sri.R.C Biswas as Director-Operations of the Company, for a period of three years with effect from 30th August 2006 on the following terms and conditions including remuneration, which shall not exceed the limits specified in Schedule XIII of the Companies Act 1956 (including any Statutory modification or re-enactment thereof, that may hereafter be made by the Central Government from time to time)"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do such other acts, deeds and things as may be necessary, proper or expedient to give effect to this Resolution"

A.REMUNERATION:

Salary: Rs. 35,000/-p.m

B.PERQUISITES AND ALLOWANCES

a) In addition to the salary and commission, Mr.R.C Biswas, Director- Operations shall also be entitled to the following perquisites and allowances.

The Company shall provide its own accommodation (furnished or otherwise) together with utilities such as electricity, water, society



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charges or rented house (furnished or otherwise)/ house rent allowance, together with house maintenance allowance and said utilities as the case may be at the discretion of the Board of Directors.

Other perquisites and allowances like medical, leave travel concession, provident fund, gratuity shall be in accordance with the rules of the Company.

The Company shall provide car together with running and maintenance expenses at such amount as may be decided by the Board from time to time.

The Company shall provide mobile and telephone at residence for effective communication and expenses shall be reimbursed by the Company at such amount as may be decided by the Board. Such perquisites and allowances shall be subject to a maximum of 50% of the annual salary.

b) For the purpose of calculating the above ceilings, perquisites and allowance shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. Provision of Company's accommodation telephones and use of the Company's cars shall not be included in the computation of perquisites for the purpose of calculating the aforesaid ceilings. Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration of perquisites aforesaid.

C. COMMISSION

Such remuneration by way of commission in addition to the salary, Perquisites and allowances, calculated at 0.3% on net profits of the Company in a particular financial year or such percentage as may be determined by the Board, subject to the overall ceilings stipulated in the Companies Act, 1956. The commission payable to the Director (Operations) will be determined at the end of each financial year and will be payable annually after the annual accounts have been approved by the

Board of Directors and adopted by the Shareholders.

D. MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, in the event of loss or inadequacy of profits during any financial year, in the aforesaid period, the Company will pay remuneration by way of salary, perquisites and allowances and incentive remuneration as specified above.

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

"RESOLVED THAT Sri. Pramod Kumar Agarwal who was appointed as Additional Director of the Company pursuant to section 260 of the companies Act 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing along with a deposit of Rs. 500/- proposing his candidature for the office of the Director in terms of Section 257 of the Companies Act, 1956 be and is hereby appointed as the Director of the Company whose term of office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED THAT Sri. Kirti. D. Sanghvi who was appointed as Additional Director of the Company pursuant to section 260 of the Companies Act 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing along with a deposit of Rs. 500/- proposing his candidature for the office of the Director in terms of Section 257 of the Companies Act, 1956 be and is hereby appointed as the Director of the Company whose term of office shall be liable to determination by retirement of Directors by rotation."

By order of the Board
For RAASI REFRACTORIES LIMITED

Place: Hyderabad
Date: 30-06-2007

R C Biswas
Director-Operations



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NOTES:

1. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to special business to be transacted is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote instead of himself. The Proxy need not be a member of the company. The instrument appointing proxy should however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. Members holding shares in Dematerialized mode are requested to intimate the changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc., to their Depository Participant.
4. Shareholders having multiple folio numbers either in individual names or in joint names of the same order should intimate RTA/DP's so as to enable them to consolidate such folios into one folio.
5. Members are requested to bring their copy of the Annual Report to the meeting.
6. Register of members of the Company and Share Transfer Books will remain closed from 21st Sept, 2007 to 27th Sept, 2007(both days inclusive)
7. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
8. **Appointment/Re-appointment of Directors**
Sri. Sanjay Agarwal and Sri. Natwar Lath Directors of the company retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment. Sri.Pramod Kumar Agarwal and Sri.Kirti.D.Sanghvi, Additional Directors hold office till the commencement of the ensuing Annual General Meeting. The Company is in receipt of a notice proposing their candidature for the Office of the Director of the Company. Hence, they are proposed to be appointed as the Directors liable to retire by rotation. The information or details to be provided for the aforesaid directors under Corporate Governance code are as under:

Sri. Sanjay Agarwal aged 35 years is a Commerce Graduate and has vast experience in the business administration and management. He has acquired an expertise in management and promotion of refractory business. He has more than 6 years of experience in Iron & Steel business.

Sri. Natwar Lath aged about 47 years is a Bachelor of Commerce and a Fellow Member of the Institute of Chartered Accountants of India. He also holds Diploma in information system Audit. He has vast and rich experience of over 20 years in income tax and Audit matters. Sri. Natwar Lath is a proprietor of Natwar & Associates, Chartered Accountants. He is a member of Shareholders'/ Investors' Grievance Committee, Remuneration Committee & Audit Committee.

Sri. Pramod Kumar Agarwal aged 30 years is a Graduate in Commerce. He has rich experience in Management and Administration. He is a member of Audit Committee. He has a good exposure in the area of Refractory and Steel Industry.

Sri.Kirti D.Sanghvi age 57 years has a post Graduate Diploma in Management Studies from North Staffordshire Polytechnic, U.K. He is a member of Hi-Tech Ceramic Committee formed by the Gujarat Government to promote ceramic Industries in High Tech Area. He has been



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involved in International business and his exposure to refractory market in India and abroad is very wide He is a member of Remuneration Committee.

By the order of the Board
For RAASI REFRACTORIES LIMITED

Date: 30-06-2007
Place: Hyderabad

R C BISWAS
Director-Operations

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

ITEM NO. 6

The Board of Directors of the Company at their meeting held on 15th September, 2006 appointed Sri.Ashok Kumar Agarwal as Executive Chairman of the Company on non remuneration basis, entrusting him with Executive and Managerial powers, for a period of three (3) years commencing from 15th September, 2006

Sri Ashok Kumar Agarwal aged 45 years, has more than 15 years of experience in Iron and Steel business. He is acquainted with the refractory Industry for the last 12 years. Sri Ashok Kumar Agarwal is instrumental in foundation and development of Sarvesh Refractory (P) Limited an ISO Company based at Rourkela. He has successfully revived and restructured the company from a sick unit to one of the top ten Refractory manufacturers of India.

He is currently the Managing Director of Sarvesh Refractory Private Limited. He is also a Director in Sree Metaliks Limited, based in Barbil, Orissa.

In view of the expertise of Sri Ashok Kumar Agarwal, it would be in the interest of the Company that he be appointed as the Executive Chairman of the Company.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors except Sri Ashok Kumar Agarwal is concerned or interested in the resolution.

ITEM NO.7

The Board of Directors of the company at their meeting held on 15-September-2006 has appointed Sri R.C.Biswas as the Director-Operations of the Company, for a period of three years with effect from 30th August 2006. He is entitled to remuneration by way of salary, commission, and perquisites in accordance with Part II of Schedule XIII of the Act.

Sri R.C.Biswas aged 61 years, is a Bachelor of Science in Ceramic Technology from University of Calcutta. He is a Fellow member of Indian Institute of Ceramics (F.I.I.Cera). He has a vast experience of over four decades in Application and manufacturing of Refractories. He has been associated with Companies like Rourkela Steel Plant, Kesoram Refractories Ltd., IPITATA Refractories Ltd., and Sarvesh Refractories Private Ltd. He is not a Director in any other Company.

In view of the expertise of Sri R.C.Biswas, it would be in the interest of the Company that he is appointed as the Director-Operations of the Company.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors except Sri R.C.Biswas, are concerned or interested in the resolution

ITEM NO. 8 & 9

Sri Pramod Kumar Agarwal and Sri Kirti.D.Sanghvi were appointed as the Additional Directors of the Company w.e.f 30-06-2007 in accordance with the provisions of section 260 of the Companies Act, 1956. They are eligible to hold office as additional directors of the Company up to the date of the



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ensuing Annual General Meeting. The Company has received notices in writing from shareholders of the company proposing their candidature for the office of Director of the Company along with a deposit of Rs. 500/- each under the provisions of section 257 of the Companies Act, 1956.

In view of the expertise of the aforesaid persons as elaborated in point 8 above, it would be in the interest of the Company that they are appointed as Directors of the Company.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors except Sri. Pramod Kumar Agarwal and Sri. Kirti D. Sanghvi is concerned or interested in the resolution proposing their appointment.

By order of the Board
For RAASI REFRATORIES LIMITED

Date: 30-06-2007
Place: Hyderabad

R C BISWAS
Director-Operations

DIRECTORS' REPORT

Dear Members,

Your Directors hereby present the Twenty Fifth Annual Report on the business and operations of the company and the audited statements of the accounts for the year ended 31st March 2007

1. FINANCIAL RESULTS AND OPERATIONS:

The summarized financial results for the year ended 31st March 2007 as compared with the previous year is as under

(Rs. In lakhs)

	For the year 2006-07	For the year 2005-06
a. Sales & incentives (excluding excise & sales tax)	2917.29	3632.89
b. Gross Profit	299.55	393.68
c. Interest	163.23	120.68
d. Depreciation	87.08	78.61
e. Profit before tax	49.24	194.39
f. Prior period adjustments (net)	5.74	0.12
g. Provision for taxation		
- Current	16.07	13.30
- Deferred	0	11.16
h. Net profit/(loss)	27.43	169.81

Your Company has achieved the gross turnover of Rs.2917.29 lakhs as against a turnover of Rs.3632.89 lakhs achieved during the previous financial year, thus registering a decline of 19.69% in terms of value. The Company's export sales were increased from Rs.26.69 lakhs to Rs.112.00 lakhs during the period under review.

The company has earned a Net Profit of Rs 27.43 lakhs as against Rs. 169.81 lakhs for the year under consideration registering a decline 83.85% over the previous year.



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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. Hence, the Company is not required to provide any disclosure of promises Vs. Performance or any explanation on variation in terms of Clause 43 of the Listing Agreement with the Stock Exchanges.

3. MARKETING

The service rendered by your company to the customers, continues to be the best in the industry which can be attributed to the perpetual strive of the service personnel for improvement.

4. DIRECTORS

At the ensuing Annual General Meeting Sri.Sanjay Agarwal and Sri. Natwar Lath, Directors of the Company retire by Rotation and being eligible offers themselves for re-appointment in terms of Section 256 of the Companies Act, 1956. During the period under review Sri Sanjay Kumar Agarwal, has resigned as the Managing Director of the Company on 15th day of September, 2006 and continues to hold the office of Director.

Sri.Ashok Kumar Agarwal and Sri.R.C.Biswas, Directors of the Company were appointed as the Executive Chairman of the Company and Director-Operations of the Company respectively at the meeting of Board of Directors held on 15th day of September, 2006.

Sri Pramod Kumar Agarwal and Sri.Kirti D..Sanghvi were appointed as additional Directors of the Company w.e.f. 30-06-2007 to hold office until the conclusion of next Annual General Meeting and are proposed to be appointed as Director u/s 257 of the Companies Act, 1956.

5. DIRECTORS RESPONSIBILITY STATEMENT

As per the requirements 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 31st March, 2007; 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 judgements and estimates that were reasonable and prudent so as to give a true and fair view 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 the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the Director's have prepared the accounts for the financial year ended 31st March, 2007 on a going concern basis.

6. AUDITORS

M/S SRB & Associates, Chartered Accountants, Auditors of the company hold office until the conclusion of the Twenty Fifth Annual General Meeting and are eligible for re-appointment.

7. FIXED DEPOSITS

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

8. DIVIDENDS

Your Directors did not recommend payment of any Dividend for the year under review.



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9. PARTICULARS OF EMPLOYEES

No employee of the company was in receipt of remuneration, which requires disclosure under section 217(2A) Of the Companies Act, 1956.

10. 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

11. CORPORATE GOVERNANCE

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

12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a. Industry Structure & Development.

Refractories are the primary materials used in the internal lining of industrial furnaces. They are heat resistance products used in steel, glass, cement, petrochemicals, fertilizers and ceramic industries. The product range is very wide and comprehensive to suit the requirement of different industry segments. The product is manufactured in different sizes and shapes to suit the technical specification of the furnaces being used by the different end users.

Your Company is the biggest refractory manufacturer in Andhra Pradesh in terms of installed capacity and turnover and its product range includes fireclay, high alumina, silica and basic Refractories. Major customers of the company are steel plants viz., Vishakhapatnam Steel Plant, SAIL units, JVSL and other major cement industries.

Steel industries are major consumers of Refractories and account for over 75% of the total refractory production. The growth and development of the refractory industry is closely related to Steel industry.

b. Opportunities and Threats:

Opportunities in the refractory industry would come through, meeting of the demand of Steel industry for superior grades Refractories required for blast furnace, secondary refining and continuous casting units of steel industries. With the recent growth in investment in steel, infrastructure, real estate, automobiles sectors increased demand for Refractories is foreseen.

Threats are foreseen from consolidation of branded players, access to overseas process designers and licensors, R&D support and imports. The reduction of Custom duty on certain selected Refractories products resulted in bringing threat to the domestic industry by way of competition from Overseas Refractory manufacturers. Any change in the market conditions of steel industry or any change in their production/project policy will have direct impact on refractory industry.

c. Segment or product wise performance:

Your company operates in only one business segment and one product viz., refractories. A brief of the different types of refractories manufactured by the company is given below:

Fire Clay: This is a low alumina refractory product and is manufactured by both small and big refractory plants beside many un-organized units. Hence the market for this product is highly competitive. The price of this product is low and does not require much technology. During the year under