

27th
ANNUAL REPORT
2008 -2009

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RAASI REFRATORIES LIMITED



RAASI REFRATORIES 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. Kirit 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. Kirit D. Sanghvi | Member |

AUDITORS

S.R.B & Associates
Chartered Accountants
2A, Druvatara Apartments,
Behind Medinova Hospital,
Somajiguda, Hyderabad-500082

BANKERS

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

State Bank of Bikaner & Jaipur
R P Road,
Secunderabad – 500 003

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

Andhra Bank
Ashok Nagar Branch
Hyderabad – 500 020



RAASI REFRACTORIES LIMITED

| | |
|-----------------------------|---|
| Registered Office | 6-3-349/20, Alpha Business Centre, IInd Floor, Road No.1, Banjara Hills, Hyderabad-500 034 E-mail: marketing@raasi.in |
| Factory | Lakshmipuram, Narketpally, Nalgonda District, Andhra Pradesh-508 254 |
| Registrars & Transfer Agent | Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad Tel No. 91-40-2763 8111, 2763 4445 Fax No. 91-40-2763 2184 Website : www.aarthiconsultants.com |
| Listing | The Hyderabad Stock Exchange, Bombay Stock Exchange Limited |
| Annual General Meeting | Date : 24th September, 2009 Time : 11.00 A.M. Venue : Bhaskara Auditorium B.M. Birla Science Centre, Adarshnagar, Hyderabad - 500 063. |
| Book Closure | 18th September 2009 to 24th September 2009 |

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RAASI REFRATORIES LIMITED

NOTICE

Notice is hereby given that the **Twenty Seventh Annual General Meeting** of the members of Raasi Refractories Limited will be held on Thursday, the 24th day of September, 2009 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 2009, 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 Pramod Kumar Agarwal who retires by rotation and being eligible offers himself for reappointment.
3. To consider the appointment of Sri. Kirit D. Sanghavi who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

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 to hold office from the conclusion of this Annual General Meeting up to 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 a 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, 2009 on non remuneration basis"

6. 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 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 2009 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"



RAASI REFRACTORIES LIMITED

A. REMUNERATION:

Salary: Rs. 35000/-

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 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 of 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.

By order of the Board
For **RAASI REFRACTORIES LIMITED**

Date: 17.08.2009

Place: Hyderabad

Ashok Kumar Agarwal
Executive Chairman



RAASI REFRATORIES LIMITED

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote instead of him. The Proxy need not be a member of the company. The instrument appointing should however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. 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.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the board resolution authorizing their representatives to attend and vote on their behalf in the meeting.
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 18th September, 2009 to 24th September, 2009 (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. Members attending the meeting are requested to complete and bring the attendance slips enclosed with the annual report and hand over the same at entrance of the meeting hall, duly signed
9. Re-appointment of Directors
Sri Pramod Kumar Agarwal and Sri Kirit D Sanghvi, Directors of the company retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

The information or details to be provided for the aforesaid directors under Corporate Governance code are as under:

Sri Pramod Kumar Agarwal aged 33 years is a Graduate in Commerce. He has rich experience in Management and Administration. He has a good exposure in the area of Refractory and Steel Industry.

Sri. Kirit D Sanghvi aged about 59 years is a Bachelor of Commerce has a post Graduate Diploma in Management Studies from North Staffordshire Polytechnic, U.K. He has been involved in International business and his exposure to refractory market in India and abroad is very wide.

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

ITEM NO. 5

The Board of Directors of the Company at their meeting held on 12th August-2009 re-appointed Sri. Ashok Kumar Agarwal as an 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, 2009



RAASI REFRACTORIES LIMITED

Sri Ashok Kumar Agarwal aged 47 years, has more than 17 years of experience in Iron and Steel business. He is acquainted with the refractory industry for the last 15 years. Sri Ashok Kumar Agarwal is instrumental in foundation and development of Sarvesh Refractory 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 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 re-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.

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., IPI TATA 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 re-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, is concerned or interested in the resolution.

By order of the Board
For **RAASI REFRACTORIES LIMITED**

ITEM NO.6

The Board of Directors of the company at their meeting held on 12th August-2009 re-appointed Sri R.C. Biswas as the Director-Operations of the Company, for a period of three years with effect from 30th August 2009. 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 63 years, is a Bachelor of Science in Ceramic Technology from University of Calcutta. He is a Fellow

Date: 17.08.2009
Place: Hyderabad

Ashok Kumar Agarwal
Executive Chairman



RAASI REFRATORIES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors present the Twenty Seventh Annual Report on the business and operations of the company and the audited statements of the accounts for the year ended 31st March 2009.

1. FINANCIAL RESULTS AND OPERATIONS:

The summarized financial results for the year ended 31st March 2009 as compared with the previous year is as under:-

(Rs. In lakhs)

| | For the year 2008-09 | For the year 2007-08 |
|--|----------------------------|----------------------------|
| a. Sales & incentives (excluding excise & sales tax) | 2957.38 | 3208.87 |
| b. Profit before interest, depreciation and taxes | 352.13 | 324.44 |
| c. Interest | 230.02 | 215.02 |
| d. Depreciation | 90.70 | 90.59 |
| e. Profit before tax | 31.41 | 18.83 |
| f. Prior period adjustments (net) | 0.00 | 8.84 |
| g. Provision for taxation | | |
| - Current | 4.10 | 2.25 |
| - Deferred | 12.07 | 0 |
| Provision for Fringe Benefit Tax | 1.65 | 1.00 |
| h. Net profit/(loss) | 13.59 | 6.74 |

Your Company has achieved the gross turnover of Rs.2957.38 lakhs as against a turnover of Rs.3208.87 lakhs achieved during the previous financial year, reflecting a negative growth of 85% during the year in terms of value. The Company's export sales increased from Rs.20.62 lakhs to Rs.73.27 lakhs during the period under review.

The company has earned a Net Profit of Rs 13.59 lakhs as against Rs. 6.74 lakhs for the year under consideration registering an increase of 101.63% over the previous year, due to cost effective and quality control measures undertaken by the Company

2. PROMISES VS PERFORMANCE

During the financial year 2008-09, the Company has increased its operations and it anticipates that the business operations will further improve in near future. The Company has allotted 1,21,136 Equity Shares having face value of Rs.10/- each at a Par to IFCI Limited pursuant to loan conversion of outstanding interest term loan into Equity Shares, BSE has granted trading approval for the said equity shares vide its letter dated 25th November, 2008.

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 Pramod Kumar Agarwal and Sri Kirit D. Sanghavi, 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.

Sri. Ashok Kumar Agarwal and Sri. R. C. Biswas, Directors of the Company were reappointed as the Executive Chairman of the Company and Director-Operations of the Company respectively at the meeting of Board of Directors held on 12th day of August, 2009.



RAASI REFRATORIES LIMITED

None of the directors of the company are disqualified for being appointed as directors as specified in Section 274 of the Companies Act, 1956. Your Board of Directors recommend their reappointment.

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, 2009; 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 judgment's 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, 2009 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 Seventh 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 and, as such no amount of principal or interest was outstanding as of the balance sheet date.

8. DIVIDENDS

No dividend was recommended by the Board of Directors for the year under review.

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 read with the Companies (Particulars of Employees) Rules, 1975.

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:

Management Discussion and Analysis Report has been included in adherence to the Exchange spirit enunciated in the code of corporate governance approved by the Securities and Exchange Board of India. Management presents herein the industry overview, opportunities and threats, initiatives by the Company and its overall

strategy for the future. This outlook is based on the assessment of current business environment, which may vary due to the future economic and other developments both in India and abroad.

(A) Industry Structure and Development:

Refractory is a class of materials which are produced from non-metallic minerals. They are the primary materials used in the internal lining of industrial furnaces and possess capability to withstand heat and pressure and are used in steel, aluminum, glass, cement, petrochemicals, non-ferrous metals, thermal power plants and ceramic industries. These are produced in Special Shapes and are Custom made to suit the requirements of the various industries.

The 3100 crore turnover Indian refractory industry comprises nearly 100 established units, including 10 large plants, 24 medium scale units and the rest being in the small scale sector. The Indian industry has an aggregate production capacity of 20 lac tonnes a year. The capacity utilization, however, presently stands at around 60% or 11.5-12 lac tonnes a year.

(B) Opportunities and threats:

Opportunities in the refractories industry: Refractories still have many areas in various sectors to enter in and it would be the monolithics & special products that would dominate the production in future. The best growth opportunities will continue to be found in less traditional end uses, such as waste- to - energy generation and restaurants, however with the small size of these markets means that their impact on aggregate refractory demand will be minimal. Refractory demand from other sectors is rising, apart from steel, demand is rising from

sponge iron and cement units too. Gains are also expected in the non-metallic mineral products spurred by growth in the production of ceramics, cement and other mineral products.

Threats in the refractories industry: Scarcity of raw materials is a problem for refractory makers across the globe. With the technological changes in the steel industry, the major thrust has been on economizing on the use of the materials and improving technology in each area of operation/process where refractories are being used. In general, it can be said that all these improvements have resulted in lowering specific consumption of refractories per tonne of steel.

(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 unorganized units. Hence the market for this product is highly competitive. The price of this product is low and does not require much technology. The company has a good brand image in this segment. During the year under review, this product account nearly 38% of the total sales of the company.

High Alumina: This is a high alumina refractory product and ranges from 45% to 98% alumina with varied application. The company has a good brand image in this segment and has performed well at Integrated Steel Plant last year as a result of which it has received additional orders for