

**31st
ANNUAL REPORT
2012-2013**



RAASI REFRACTORIES LIMITED

BOARD OF DIRECTORS

- | | |
|------------------------------------|--------------------|
| 1. Sri. Ashok Kumar Agarwal | Executive Chairman |
| 2. Sri. Murali Dhar Agarwal | Director |
| 3. Sri. Pramod Kumar Agarwal | Director |
| 4. Sri. Rabindra Chandra Biswas | Director |
| 5. Sri. Rajendra Prasad Kandikattu | Nominee Director |

AUDIT COMMITTEE

- | | |
|---------------------------------|----------|
| 1. Sri. Murali Dhar Agarwal | Chairman |
| 2. Sri. Rabindra Chandra Biswas | Member |
| 3. Sri. Pramod Kumar Agarwal | Member |

**SHAREHOLDERS'/INVESTORS'
GRIEVANCE COMMITTEE**

- | | |
|---------------------------------|----------|
| 1. Sri. Murali Dhar Agarwal | Chairman |
| 2. Sri. Rabindra Chandra Biswas | Member |
| 3. Sri. Pramod Kumar Agarwal | Member |

REMUNERATION COMMITTEE

- | | |
|---------------------------------|----------|
| 1. Sri. Murali Dhar Agarwal | Chairman |
| 2. Sri. Rabindra Chandra Biswas | Member |
| 3. Sri. Pramod Kumar Agarwal | Member |

AUDITORS

M/S SRB & Associates
Chartered Accountants
I.C.A.I. Regn. No.310009E
403, Pavani Plaza
5th Floor, 6-2-984,
Khairatabad, Hyderabad - 500004

COST AUDITORS

M/S PCR & Associates, Cost Accountants
11-5-293/1, 1st Floor, H.P Road,
Beside Good luck Hotel, Moosapet,
Hyderabad - 500018

REGISTERED OFFICE

6-3-349/20, Alpha Business Centre, II Floor,
Road No.1, Banjara Hills, Hyderabad-500 034
E-mail: marketing@raasi.in
Website: www.raasi.in

FACTORY

Lakshmpuram, Narketpally, Nalgonda District, Andhra Pradesh - 508254

REGISTRARS & TRANSFER AGENTS

Aarathi Consultants Private Limited
1-2-285, Domalguda, Hyderabad
Tel No. 91-40-27638111, 27634445
Fax No. 91-40-27635184
Website: www.aarthiconsultants.com

LISTING

The Hyderabad Stock Exchange,
Bombay Stock Exchange Limited

ANNUAL GENERAL MEETING

Date: 30th September, 2013
Time: 3.30 P.M
Venue: Bhaskara Auditorium,
B.M. Birla Science Centre,
Adarsh Nagar, Hyderabad-500063

BOOK CLOSURE

23rd September, 2013 to 30th September, 2013.

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NOTICE

Notice is hereby given that the **Thirty First Annual General Meeting** of the members of M/S Raasi Refractories Limited will be held on Monday, the 30th day of September, 2013 at 3:30 P.M at Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad-500063 to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March 2013, 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. Murali Dhar Agarwal who retires by rotation and being eligible offers himself for reappointment.
3. 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, having I.C.A.I Registration number 310009E be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto 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 expense.

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

Date: 14.08.2013
Place: Hyderabad

Ashok Kumar Agarwal
Executive Chairman

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 23rd September, 2013 to 30th September, 2013 (both days inclusive)
7. Members desiring any information as regards accounts are requested to write to the Company atleast 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. Murali Dhar Agarwal, Director of the company retired by rotation at the ensuing Annual General Meeting, and being eligible offer himself for re-appointment.

Sri Murali Dhar Agarwal aged about 54 years is an Independent & non- executive director of Raasi Refractories Limited. He is a director on the board of M/S Sree Metaliks limited, Hind Metals & Industries Private Limited and Thanwas Commercial Private Limited. He is a Chairman of Shareholders'/ Investors Grievance Committee, Remuneration Committee & Audit Committee.

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

Date: 14-08-2013
Place: Hyderabad

Ashok Kumar Agarwal
Executive Chairman

DIRECTORS' REPORT

Dear Members,

Your Directors present the **Thirty First Annual Report** on the business and operations of the Company and the audited statements of the accounts for the year ended 31st March 2013.

1. FINANCIAL RESULTS AND OPERATIONS:

The summarized financial results for the year ended 31st March 2013 as compared with the previous year are as under :-

(Rs. In lakhs)

PARTICULARS	For the year	For the year
	2012-13	2011-12
a. Revenue from operation (excluding excise & sales tax)	3584.41	2159.86
b. Profit before interest, depreciation and taxes	191.33	420.50
c. Interest	286.03	303.82
d. Depreciation	103.93	103.36
e. Profit before tax	(198.63)	13.32
f. Prior period adjustments (net)	0.00	0.00
g. Provision for taxation:		
- Current	0	10.99
- Deferred	0	0.00
h. Net profit/(loss)	(198.63)	2.32

Your Company has achieved the gross turnover of Rs. 4015.94 lakhs as against a turnover of Rs.2366.26 lakhs achieved during the previous financial year. The Company has incurred a Net loss of Rs 198.63 lakhs during the year under review as against the Net Profit of Rs. 2.32 lakhs during the previous financial year.

2. 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.

3. INDUSTRY OUTLOOK

The growth in steel sector has been stagnant due to general slowdown in the infrastructure & other Engineering sector this year. It is expected that their will be improvement in demand.

4. DIRECTORS

At the ensuing Annual General Meeting, Sri. Murali Dhar Agarwal Director of the Company will be retiring by Rotation and being eligible offer himself for reappointment in terms of Section 256 of the Companies Act, 1956.

Sri. Murali Dhar Agarwal, the director of the company is not disqualified for being appointed as director as specified in Section 274 of the Companies Act, 1956. Your Board of Directors recommends his 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.

- That in the preparation of the accounts for the financial year ended 31st March, 2013; the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 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 state of affairs of the company as at March 31, 2013 and of the loss 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 Directors have prepared the accounts for the financial year ended 31st March, 2013 on a going concern basis.

6. AUDITORS

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

7. COST AUDITORS

Pursuant to the direction from the Ministry of Corporate Affairs and section 224 (1-B) & 233B of the Companies Act, 1956 for appointment of Cost Auditors, your Board of Directors have reappointed M/s. PCR & Associates, Cost Accountants, Hyderabad, as the Cost Auditor for the year 2013-2014.

8. 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 on the balance sheet date.

9. DIVIDENDS

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

10. 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.

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 the Auditors' certificate on its Compliance is attached to this report.

13. 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:

Refractories are made of naturally occurring minerals, such as bauxite, kyanite, magnesite, fireclay, chrome ore, etc. Refractories are used either where high temperature or high rate of abrasion/ corrosion/ erosion is involved. Lately,

however, the industry has been using man-made raw materials, such as brown-fused alumina, tabular alumina, fused magnesia, silicon carbide, magnesia alumina, etc. It has a wide product range and comprehensive to suit the requirement of different industry segments. These are produced in Special Shapes and are Custom made to suit the requirements of the various industries.

Refractory plays a dynamic role not only for metallurgical but also for shaping up chemical and petrochemical, glass, ceramic, cement and limestone industries. Refractory Industry in India is now getting consolidated. Major manufacturers in terms of volume are foreign owned companies. The turnover of such companies was 60% of total turnover of the Industry. This has brought or is likely to bring several new products and technology in the country for refractories used in steel making. The refractory industry is moving along with a mixed bag of project and maintenance requirement. The raw material pricing and supply continues to worry. However, the positive trend in projects is taking concrete shape, refractory installation activity is picking up and new facility is nearing completion in some upcoming steel projects. Looking forward to a growth filled 2013-14

(B) Opportunities and threats

Opportunities in the refractories industry:

The refractories industry largely follows trends set by its main driver, the steel industry. Iron and steel production is responsible for up to 70% of the total demand for Refractories, therefore the profitability of the refractories industry as a

whole is strongly influenced by steel production levels and steel plant investments. There is a steep fall in the demand for steel due to a decline in the infrastructure sector, while the short term outlook remains problematic because of the global economic situation; there could be an upturn in the second half of 2013, with realistic and sustainable growth in steel production and in other key end-user industries through to 2017. Indeed, there may even be a short-term surge in demand for refractories once confidence recovers because of new capital investment and refurbishment of idled equipment.

Threats in the Refractories industry:

Absence of clear cut policy on iron ore mining has led to closure of steel plants, especially those based on sponge iron as feed material. If this situation continues, the expected growth in steel may not materialize at desired pace. Another major issue for refractory business is from the small scale industries. These industries are expanding their operations at a rapid pace and are presently ready to compete with large scale industries. Also these industries are coping up with the technological changes taking place in the industry and given the amount of support received from the government for their upliftment, these SSIs definitely seem to be a threat in the near future. Your Company is taking steps to take on the challenges and strengthen its brand image in neighboring states as well as in Andhra Pradesh where the Company is already a brand leader.

(C) Segment or Product wise Performance:

Your company operates in only one business segment and one product viz., refractories.

(D) Outlook:

Market outlook in future for refractory seems good. Per capita consumption of steel in India is being far below in comparison to the international standards. It is expected that the demand for increase of domestic steel production will be robust and this will have positive impact in refractory consumption. Growth in real estate and consumer durable sector will lead to increase in cement, glass and special alloys production. This will also necessitate use of better quality refractories. Though there is stiff competition in Euro market, the quality and delivery of the products of the Company has helped in creating a specific market. With this background and references of application, it will be possible to penetrate export markets by adding new customers and offering better products. Your Company's effort to keep pace with changing technology which offer superior product will ensure not only retention of existing business but also increase the business volume wherever such products are used.

(E) Risks and Concerns:

India's refractory industry has witnessed a dramatic squeeze in margins amidst poor demand from end users and rising raw material prices. Sudden rise in the price of the raw material is due to dependence of the refractory industry on the raw materials imported from China. It is a matter of great concern as the use of synthetic raw materials is driving the prices of the raw materials higher. Further, the raw material prices have increased from 80% to 85% but the prices of finished products have

increased from 18% to 30% resulting in erosion of bottom lines of the refractory companies.

The refractory industry is going through an exciting and complex phase. On one hand, refractory makers are adding capacities with the hope that demand from the steel sector will rise at a fast pace. On the other hand, usage of the new technology processes is leading to reduction in refractories consumption. Mushroom growth in refractory industries in the unorganized sector has brought in unhealthy competition within the industry. Standardization of shapes and size of refractory bricks is essential for smooth production and inter-changeability in the industry.

A major area of concern is availability of adequately qualified and competent workforce. The Industry is facing countless difficulties both in terms of increasing raw-material and other input costs as well as the availability, further the negotiating power of the refractory makers is poor mainly due to their size as it caters to the industries which are far bigger in sizes like aluminum, steel, cement etc.

(F) Internal control system and their adequacy:

The Company strictly adheres to the internal control systems established over the years. The Company has a policy of maintaining effective internal control system and strict implementation of policies and procedures so as to safe guard the assets and interests of the company. The internal control systems of the Company