

26th
ANNUAL REPORT
2007 - 2008

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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
RP Road,
Secunderabad 500 003

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

Andhra Bank
Ashok Nagar Branch
Hyderabad 500 020



RAASI REFRATORIES LIMITED

Registered Office	6-3-349/20, Alpha Business Centre, IInd Floor, Road No.1, Banjara Hills, Hyderabad-500 034 E-mail: raasirefractory@rediffmail.com
Factory	Lakshmipuram, Narketpally, Nalgonda District, Andhra Pradesh-508 254
Registrars & Transfer Agent	Aarth 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 : 25th September, 2008 Time : 11.00 A.M. Venue : Bhaskara Auditorium B.M. Birla Science Centre, Adarshnagar, Hyderabad - 500 063.
Book Closure	20th-September, 2008 to 25th September, 2008

CONTENTS	Page No
Notice	3 - 4
Directors' Report	4 - 11
Report on Corporate Governance	12 - 21
Auditors' Report	22 - 25
Balance Sheet	26
Profit and Loss Account	27
Schedules to Accounts	28 - 33
Significant Accounting Policies	34 - 35
Notes to Accounts	35 - 38
Cash Flow Statements	39 - 40
Balance Sheet Abstract	
& Business Profile	41



RAASI REFRACTORIES LIMITED

NOTICE

Notice is hereby given that the **Twenty Sixth Annual General Meeting** of the members of Raasi Refractories Limited will be held on Thursday, the 25th day of September, 2008 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 2008, 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 Mahesh Kumar Agarwal who retires by rotation and being eligible offers himself for reappointment.
3. To consider the appointment of Sri. Muralidhar Agarwal 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, Secunderabad, 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"

By order of the Board
For RAASI REFRACTORIES LIMITED

Date: 30-06-2008
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 himself. 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. 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.
4. Members are requested to bring their copy of the Annual Report to the meeting.
5. Register of members of the Company and Share Transfer Books will remain closed from 20th Sept, 2008 to 25th Sept, 2008 (both days inclusive)
6. 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.
7. **Re-appointment of Directors**
Sri Mahesh Kumar Agarwal and Sri Muralidhar Agarwal, Directors of the company retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.



RAASI REFRACTORIES LIMITED

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

Sri Muralidhar Agarwal aged 49 years is a Commerce Graduate and has rich experience in mining, refractories and metal industries for about 29 years. He is a Director on the Board of M/S Sree Metaliks Limited, Hind Metal & Industries Private Limited, RS Agarwalla & Brothers Private Limited and Thanwas Commercial Pvt. Ltd. He is the Chairman of Remuneration, Shareholders'/Investor Grievance and Audit Committee of the Company.

Sri. Mahesh Kumar Agarwal aged about 44 years is a Bachelor of Commerce. He is having vast experience in Domestic and International Business for about 14 years. He has vast knowledge and experience in Steel Industry. He is the Managing Director of Sree Metaliks Limited, Hind Metal & Industries Private Limited, Rourkela Minerals Company Pvt. Ltd, Thanwas Commercial Pvt. Ltd and Iceberg Aqua Private Limited.

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

Date: 30-06-2008
Place: Hyderabad

Ashok Kumar Agarwal
Executive Chairman

DIRECTORS' REPORT

Dear Members,

Your Directors hereby present the **Twenty Sixth Annual Report** on the business and operations of the company and the audited statements of the accounts for the year ended 31st March 2008

1. FINANCIAL RESULTS AND OPERATIONS:

The summarized financial results for the year ended 31st March 2008 as compared with the previous year is as under

(Rs. In lakhs)

	For the year 2007-08	For the year 2006-07
a. Sales & incentives (excluding excise & sales tax)	3208.87	2903.28
b. Profit before interest, depreciation and taxes	324.44	333.23
c. Interest	215.02	196.91
d. Depreciation	90.59	87.08
e. Profit before tax	18.83	49.24
f. Prior period adjustments (net)	8.84	5.74
g. Provision for taxation:		
- Current	2.25	13.70
- Deferred	0	0
Provision for Fringe Benefit Tax	1.00	2.37
h. Net profit/(loss)	6.74	27.43

Your Company has achieved the gross turnover of Rs.3208.87 lakhs as against a turnover of Rs.2903.28 lakhs achieved during the previous financial year, reflecting a growth of 10% during the year in terms of value. The Company's export sales decreased from Rs.112.00 lakhs to Rs.20.62 lakhs during the period under review.

The company has earned a Net Profit of Rs 6.74 lakhs as against Rs. 27.43 lakhs for the year



RAASI REFRACTORIES LIMITED

under consideration registering a decline of 75.43% over the previous year. This has been due to the rise in over all cost including raw materials.

2. PROMISES VS PERFORMANCE

During the financial year 2007-08, the Company has increased its operations and it anticipates that the business operations will further improve in near future. In this regard the requirements of Working Capital funds have also gone up in line with the increased business activities. To meet its Working Capital requirements, the Company has allotted 6,50,000 Equity Shares having face value of Rs.10/- each at a Price of Rs.36/- per share (including premium of Rs.26/- per share) to M/s Brabourne Commerce Private Limited on Preferential Basis. The Company has utilized total amount of Rs. 2,34,00,000 raised through the said Preferential issue for the working Capital requirement as stated in the Explanatory Statement of the Postal Ballot Notice.

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 Mahesh Kumar Agarwal and Sri Muralidhar Agarwal, 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.

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, 2008; 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, 2008 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 Sixth 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 Dividend for the year under review.



RAASI REFRACTORIES LIMITED

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.

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 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 growth of the Indian steel sector is extremely crucial to analyze the future status of Indian refractory makers. The rise in the Indian Steel sector may see a rise in yet another industry, that of refractories.

(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. Refractory demand from other sectors is rising, apart from steel, demand is rising from sponge iron and cement units too.

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 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. The company has a good brand image in this segment. During the year under review, this product account nearly 25% 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



RAASI REFRACTORIES LIMITED

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 the current year and is one of the major suppliers to RINL, JSW & SAIL Units. The Company has recently developed new products in this range for exports. During the year under review, this product has accounted nearly 50% of the total sales of the company.

Basic: This is a basic refractory product and comprises of Mag Carbon and Magnesite bricks. The company has good performance record in this category. The company has executed order in SAIL Units & RINL and has reasonable chances for improving its market share for this product. During the year under review, this product has accounted nearly 5% of the total sales of the company.

Silica: This is a quartzite based silica refractory product and is highly technology oriented. In India only two major units are into manufacturing this product. The company has stabilized the production process and has successfully executed the order from VSP. This year the company plans to enter into the coke oven sector of silica bricks and also manufacture dense and super dense quality for glass industry. The company is also expecting growth in exports. The company enjoys geographical advantage for procurement of raw material for manufacture of silica bricks. During the year under review, this product has contributed approx 10% of the total sales.

Monolithics: This is an unfired green refractory material. The quality of product ranges from 30 % to 90% alumina which is being used for varied purpose and applications like Sponge Furnace Kiln, Power Plants etc. Silica Ramming Mass for Induction furnace has been recently introduced in this section. During the year under review, this product has contributed approx 10% of the total sales.

(D) Outlook:

With the increasing credibility of Indians in the global market, where price realization is relatively better, your Company has a good brand image and is the biggest refractory manufacturer in Andhra Pradesh in terms of installed capacity and turnover.

(E) Risks and Concerns:

The 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, none of the major announced Greenfield projects are yet to get off the ground.

The Indian refractory industry is faced with a raw materials crisis, due to constraints on exports from China coupled with spiraling costs of key inputs. In the last 10-12 years, the Indian refractory industry has been "considerably dependent" on imports from China for critical raw materials, such as brown fused alumina and fused magnesia. In the event of continued high prices for crude oil and other petroleum products, hardening of the coal prices the prices of the inputs of refractory industry are increasing.

(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 Company has an audit committee consisting of Independent Directors of the Company. The internal control systems of the Company are implemented with a view to achieve good ethical culture in the organization. The internal control systems of the Company would ensure that any



RAASI REFRACTORIES LIMITED

vulnerability in the achievement of the Company's objectives caused by risk factors whether internal or external, existing or emerging, is detected and reported in a timely manner and is meted out with appropriate corrective action. The findings of internal audit are periodically placed before the Audit committee and the Board of directors of the Company.

(G) Discussion on financial performance with respect to operational performance:

Your company has achieved the gross turnover of Rs.3208.87 lakhs as against a turnover of Rs. 2903.28 lakhs achieved during the previous financial year. The Company's export sales were decrease from Rs.112.00 lakhs to Rs.20.62 lakhs during the period under review. The company has earned a Net Profit of Rs 6.74 lakhs as against Rs. 27.43 lakhs for the year under consideration registering a decline 75.43% over the previous year.

(H) Material developments in Human Resources/Industrial Relations front, including number of people employed:

It is your Company's belief that the competence and commitment of its people are key drivers of competitive advantage enabling the Company to compete successfully in the market place. As at 31st March, 2008 the company has about 224 employees working in its factory and various offices. Your Company endeavors to strengthen organizational culture in order to attract and retain the best talent and bring out the best in people.

Cautionary Statement:

Statements in the management discussion and analysis describing the company's objectives, projections, estimates, expectations may be considered to be

forward looking statements. Actual results could differ materially from those expressed or implied. Factors which could make a significant difference to the company's operations include demand supply conditions, market prices, input component costs and availability, changes in government regulations and tax laws besides other factors such as litigation, over which the Company may not have any control.

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 and also from the company's bankers and financial institute.

Your Directors 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 the Board
For **RAASI REFRACTORIES LIMITED**

Date: 30-06-2008
Place: Hyderabad

Ashok Kumar Agarwal
Executive Chairman



RAASI REFRACATORIES LIMITED

Annexure to the Directors' Report

Information as required under section 217(1) (e) of the Companies Act, 1956 forming a part of Directors' Report.

FORM A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy, technology absorption, research and development.

	2007-08	2006-07
A Power and Fuel consumption		
1 Electricity		
a) Purchased		
(i) Unit(kwh)	1853889	1858288
(ii) Total Amount(Rs.)	7582683	7473900
(iii) Rate/unit (Rs.)	4.09	4.02
b) Own Generation		
I) Through diesel generator		
i) Unit(kwh)	19080	15300
ii) Units per ltr.of diesel oil.	2.73	2.87
iii) Cost / unit (Rs.)	12.29	12.14
II) Through steam turbine/generator	Not Applicable	
i. Units		
ii. Units per ltr.of fuel oil/gas		
iii. Cost/Units		
2 Coal (specify quality and where used)		
	'C' Round grade coal used in gas producer plant and also in down draft kilns.	
i. Quantity (tonnes)	4407	4302
ii. Total Cost (Rs.)	13828299	13843180
iii. Average rate (Rs.)	3138	3218
3 Furnace oil		
i. Quantity (ltrs.)	2233	25709
ii. Total Amount (Rs.)	53899	568133
iii. Average Rate (Rs.)	24.13	22.09
4 Others /internal generation	Not Applicable	
i Quantity		
ii. Total Cost (Rs.)		
iii. Rate/Unit(Rs.)		
B Consumption per unit of production		
Standards	2007-2008	2006-2007
Products- Refractory all types (in M.T.)	20831	17047
Electricity (Units)	89.00	109.90
Furnace oil in ltrs	0.12	1.51
Coal – C grade in KGs	212	252
Others (Specify)	—	—