

**29th
ANNUAL REPORT
2010 -2011**



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. Pramod Kumar Agarwal	Director
6. Sri. Natwar Lath	Director
7. Sri. R.C. Biswas	Director-Operations
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
403, Pavani Plaza
5th Floor, 6-2-984
Kairatabad, Hyderabad-500004

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
Punjabgutta, Hyderabad – 500 082

Andhra Bank
Ashok Nagar Branch
Hyderabad – 500 020

REGISTERED OFFICE

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

FACTORY

Lakshmipuram, Narketpally, Nalgonda District,
Andhra Pradesh-508 254

REGISTRARS & TRANSFER AGENTS

Aarathi Consultants Private Limited
1-2-285, Domalguda, Hyderabad
Tel No. 91-40-27638111, 27634445
Fax No. 91-40-27632184
Website: www.aarathiconsultants.com

LISTING

The Hyderabad Stock Exchange,
Bombay Stock Exchange Limited

ANNUAL GENERAL MEETING

Date: 30th September, 2011
Time: 11.00 A.M
Venue: Bhaskara Auditorium
B.M. Birla Science Centre,
Adarsh Nagar, Hyderabad-500 063

Book Closure

24th September, 2011 to 30th September, 2011

CONTENTS	Page No
Message to the Shareholders	3
Notice	4-5
Directors' Report	6 - 19
Report on Corporate Governance	20 - 32
Auditors' Report	33 - 36
Balance Sheet	37
Profit and Loss Account	38
Schedules to Accounts	39 - 43
Significant Accounting Policies	44
Notes to Accounts	45 - 48
Cash Flow Statements	49 - 50
Balance Sheet Abstract & Business Profile	51

Message to the Shareholders

Dear Shareholders,

Subject: Green Initiative- Electronic Mode of Service of Notices/Documents

The Ministry of Corporate Affairs, Government of India has taken "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. As per the recent circular no.17/2011 dated 21.4.2011 and circular no. 18/2011 dated 29.4.2011 issued by the Ministry of Corporate Affairs, Companies can now send notices and documents, including annual report, to its shareholders through electronic mode to the registered e-mail address of shareholders. If company sends communication through email, it will be in compliance with the Section 53 of the Companies Act, 1956. Your company supports and welcomes this laudable initiative of the Government for e-communication. The company is sure that shareholders too as responsible citizens of country will support this initiative by registering themselves with the company for e-communication.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of Raasi Refractories Ltd. to contribute to the Corporate Social initiative of the Company. You will be able to receive communications promptly and without loss in transit.

It is proposed that henceforth documents like Notices of Meetings, Annual Reports, Directors' Reports, Auditors' Report and other shareholder's communications be sent electronically through email to the email addresses provided to Depository viz. NDSL/CDSL or to the Registrars & Transfer Agents.

We are sure that you would appreciate the "Green Initiative" taken by MCA and your company's desire to participate in such initiatives.

You are requested to kindly update your email ID with your DP with whom you have your demat account or to the Registrars & Transfer Agents (Shareholders holding the shares in the physical form) as and when there is a change in your email address.

Thanking you,

Yours Faithfully,

For Raasi Refractories Ltd.

R.C.Biswas

Director-Operations

NOTICE

Notice is hereby given that the **Twenty Ninth Annual General Meeting** of the members of Raasi Refractories Limited will be held on Friday, the 30th day of September, 2011 at 11:00 A.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 at 31st March 2011, 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, 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"

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

Date: 19-08-2011
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 24th September, 2011 to 30th September, 2011 (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

- A. Sri Muralidhar Agarwal, Director of the company retire by rotation at the ensuing Annual General Meeting, and being eligible offer himself for reappointment.

Sri Muralidhar Agarwal aged 52 years is a commerce graduate. He was appointed as a director on 28.06.2004. He is having rich experience in mining, refractories and metal industries for about 31 years. He is the Managing Director of M/s R.S. Agarwalla and Bros. Private Limited, M/s Hind Metal & Industries Private Limited and M/s Barbil Mining and Industries Private Limited. He is the Chairman of Remuneration, Shareholders'/Investors' grievances and Audit Committee.

- B. Sri Mahesh Kumar Agarwal, Director of the company retire by rotation at the ensuing Annual General Meeting, and being eligible offer himself for reappointment.

Sri Mahesh Kumar Agarwal aged 46 years, is a graduate in Commerce. He is the Promoter and Non- executive Director of M/s Raasi Refractories Limited. He was appointed as director on 24.9.2004. He is having a rich experience in Domestic and International Business for about 16 years. He has vast knowledge and expertise in Steel Industry. He is a Managing Director in Sree Metaliks Ltd. He is also director on the Board of SAG International Limited, Hind Metal & Industries Pvt. Ltd, Chefair Impex Ltd., Thanwas Commercial Pvt. Ltd and Iceberg Aqua Pvt. Ltd..

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

Date: 19-08-2011
Place: Hyderabad

Ashok Kumar Agarwal
Executive Chairman

DIRECTORS' REPORT

Dear Members,

Your Directors present the Twenty Ninth Annual Report on the business and operations of the company and the audited statements of the accounts for the year ended 31st March 2011.

1. FINANCIAL RESULTS AND OPERATIONS:

The summarized financial results for the year ended 31st March 2011 as compared with the previous year are as under:-

PARTICULARS	(Rs. In lakhs)	
	For the year 2010-11	For the year 2009-10
a. Sales & incentives (excluding excise & sales tax)	2567.84	3397.08
b. Profit before interest, depreciation and taxes	293.05	393.90
c. Interest	291.69	263.20
d. Depreciation	103.30	103.45
e. Profit before tax	(101.94)	27.25
f. Prior period adjustments (net)	0.00	0.00
g. Provision for taxation:		
- Current	0.00	8.72
- Deferred	8.78	0.00
h. Net profit/(loss)	(110.73)	18.53

Your Company has achieved the gross turnover of Rs.2567.84 lakhs as against a turnover of Rs.3397.08 lakhs achieved during the previous financial year. The Company's export sales Increased from Rs. 87.74 lakhs to Rs. 173.38 lakhs during the period under review.

The company has incurred a Net Loss of Rs 101.94 lakhs for the year under review as against Net Profit of Rs. 18.53 lakhs earned 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 long-lasting strive of the service personnel for improvement.

3. INDUSTRY OUTLOOK

With the sustainable growth in steel producing capacities particularly in India and increased demand for quality Iron and Steel particularly from manufacturing, construction and automobile sectors, it is expected that demand for refractories would continue to rise.

4. DIRECTORS

At the ensuing Annual General Meeting Sri. Mahesh Kumar Agarwal and Sri. Muralidhar Agarwal, Directors of the Company will be retiring by Rotation and being eligible offer themselves for re-appointment in terms of Section 256 of the Companies Act, 1956.

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 recommends 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,

- That in the preparation of the accounts for the financial year ended 31st March, 2011, 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 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.
- 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, 2011 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 Ninth 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 is 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. ENHANCEMENT OF AUTHORISED CAPITAL

The Company has enhanced its Share Capital from Rs.15,00,00,000 to Rs. 25,00,00,000, with the consent of Members in the Annual General Meeting held on 27th September, 2010. However, due to deficit in funds the Company was unable to file the Form-5 in respect of the same. The company is taking necessary measures for filing Form-5.

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. Major research work has so far been concentrated for the development of new refractory and

also for its reduction in consumption for steel industries. But, the industry's efforts have so far proved futile as no major breakthrough has been achieved. Indian refractory industry, meanwhile, is required to upgrade their operations with global technologies which need huge investment. But, in the long run, the investment is bound to fetch higher returns too.

The Indian Refractory Industry started its journey with first line of production in Kolkata in 1874. The Refractory Industry comprises over 100 established units, with 11 large plants, 24 medium-scale units and the rest in the small-scale sector. Currently, the Indian Refractory industry has an aggregate production capacity of 20 lakh tonnes per annum. The capacity utilization, however, currently stands at around 60 percent or 11.5-12 lakh tonnes per annum. Iron and steel industry continues to remain the major end-use market for refractories. About 75 percent of the refractories that are manufactured find application in the steel industry, 12 per cent in the cement industry, 5-6 percent in non-ferrous industries, three per cent in the glass industry and the balance in other industries.

(B) Opportunities and threats

Opportunities in the refractories industry:

The increasing level of industrialization is fuelling growth in the Indian steel industry, providing ample growth opportunities for refractories. Iron and steel remains the major end-use market for refractories. Growth in production of cement, ceramics, as well as other mineral products is expected to complement this growing trend in the coming years. In addition, an upsurge in the use of refractories in metal and non-metallic mineral products production is expected to widen the market's growth prospects.

In terms of material, clay refractories represent the largest and fastest growing segment. The market of fire clay refractories is projected to reach 19.6 million tonnes by

2012. By form type, bricks and shapes represent the leading segment, while monolithic and others are projected to cross \$10.34 billion by 2012. Growth prospects are high for monolithic castables and preformed shapes that feature high performance and flexibility than other refractory forms. Significant growth potential is witnessed in zircon/zirconia, silicon carbide extra-high alumina, and other more specialized refractory materials that offer strong performance in specific applications.

Threats in the refractories industry:

One of the major threats the industry is facing is paucity of raw materials. The raw materials scarcity is a concern especially with China imposing quantitative restrictions on export of raw materials and also jacking up prices over the last few years. Cheaper refractory imports from China are also putting a pressure on the industry's margins. Hiring and retaining skilled manpower is a major challenge that the Indian refractory industry has to cope with. Further, China is dumping sub-standard quality outputs in India at very low prices which are degrading the quality of refractory in India.

Another major threat to the refractory industry is reduction in the per capita consumption of refractories and technological upgrading of products and process.

With the changes in technology in the steel industry, the major thrust has been on maximizing on the use of the materials and improving technology in each area of operation/process where refractories are being used. Further, different types of steel production require different types of refractories. Moreover, wearing rate of refractory depends on several factors including time of exposure, temperature, degree and fluctuation of temperature. All these need to be kept in mind while supplying refractory for optimal utilization.

(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: These are basically alumino silicate refractories possessing alumina not exceeding 42%. Fire clay refractories earlier used to find use in lining of blast furnaces for hearth and bosh portion due to the dense structure, reheat shrinkage, resistance to slag and load characteristics of these bricks. This is a low alumina refractory product and is manufactured by both small and big refractory plants beside many un-organized units. Fire Clay and Ramming mass have low shrinkage and are resistance to slag. These have low iron content, high volume stability, high resistant to spalling and corrosion and co-disintegration and also resistant to molten metal attack and can be used for special application. 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 48% the total sales of the company.

High Alumina: High Refractoriness increases with increasing alumina content. These bricks have high Mechanical strength and excellent load-bearing properties at high temperatures besides having fair to excellent resistance to spalling. These High Alumina Bricks have high resistance to corrosion by many basic slags and fluxes and fair resistance to acid slags. These High Alumina Bricks are suitable for Cement Rotary Kilns, Laddle Lining, Glass industries, Blast furnaces, Stoves & Checkers, Electric Furnace Roof & Other miscellaneous industries.

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 the current year and is one of the major suppliers to RINL, JSW, TRL & SAIL Units. The Company has recently developed new products in this range for exports. During the year under review, this product has accounted nearly 20% 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 10% 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 5% of the total sales.

Monolithics: These refractories are well known to produce joint less structure which are stable from dimensional aspect at high temperatures and are resistant to thermal shock and abrasion. It comprises of castables, plastic mass, ramming mix, mortars, slinger mix and coating material. 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