

*26th*  
**ANNUAL REPORT**  
**2007 -2008**



**RAASI REFRACTORIES 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  
Punjugutta, 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 <b>Website : <a href="http://www.aarthiconsultants.com">www.aarthiconsultants.com</a></b>
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

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**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 25<sup>th</sup> 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 REFRATORIES 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 20<sup>th</sup> Sept, 2008 to 25<sup>th</sup> 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.

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)	<b>3208.87</b>	2903.28
b. Profit before interest, depreciation and taxes	<b>324.44</b>	333.23
c. Interest	<b>215.02</b>	196.91
d. Depreciation	<b>90.59</b>	87.08
e. Profit before tax	<b>18.83</b>	49.24
f. Prior period adjustments (net)	<b>8.84</b>	5.74
g. Provision for taxation:		
- Current	<b>2.25</b>	13.70
- Deferred	<b>0</b>	0
Provision for Fringe Benefit Tax	<b>1.00</b>	2.37
h. Net profit/(loss)	<b>6.74</b>	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

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.

**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 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 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

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



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 31<sup>st</sup> 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 REFRATORIES LIMITED**

**Date: 30-06-2008**  
**Place: Hyderabad**

**Ashok Kumar Agarwal**  
**Executive Chairman**

**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.

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

**FORM B**  
(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption, Research and Development

- |   |   |
|---|---|
| 1. Specific areas in which R&D carried by the Company | Research has been made to develop new quality bricks having longer life.  |
| 2. Benefits derived as a result of the above R & D    | The main benefits derived as a result of above research & development is that the company was able to procure orders to meet the domestic and international market.   |
| 3. Future Plan of action                              | R&D work for techno-economic raw material composition, continuous up gradation of processes and development of new products as per market demand. The company is also mainly concentrating on development of Cement rotary kiln bricks with 70% alumina. The Company has also upgraded its existing laboratory facilities to achieve improved results in respect of supply of its products. |
| 4. Expenditure on R & D                               | Approximately an amount of Rs 5 lakhs has been incurred during the year 2007-2008 for development of products as stated above.  |

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS :**

- |   |   |
|---|---|
| 1. Efforts, in brief, made towards technology absorption and innovation   | The entire manufacturing technology is indigenous. The company has trained its staff in all the operations. Several new products and compositions were developed which is expected to keep the company competitive. Efforts are being made to enter into entire area concerning silica coke oven Refractories |
| 2. Benefits derived as result of the above efforts, e.g. product improvement, Cost reduction, product development and import substitution, etc. | The efforts were made to gain product development, product improvement, cost reduction and import substitution etc.,  |

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year.) following information may be furnished.

- (a) Technology imported.
- (b) Year of import
- (c) Has technology been fully absorbed?
- (d) If not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action.

Not Applicable

**Foreign Exchange Earnings and Outgo:**

(a) Activities relating to Exports

The company is participating in global tenders in various countries and have obtained the orders from the following parties:

Al-Khadda International General Trading & Contracting Co.

Egyptian Iron & Steel Co.

Steps have also been taken to enter into African, and other Middle East Countries Market.

The products of the Company are well accepted by the foreign buyers. The Company has exported to the extent of Rs.20.62 Lacs in the financial year 2007-2008. The company is taking initiatives to increase exports and develop new export markets for its products and services.

b) Total Foreign Exchange used and earned		<b>2007-2008</b>	<b>2006-2007</b>
i Earnings:			
Export of finished goods	USD \$	<b>55966</b>	239820
	INR Rs.	<b>2193172</b>	10782713
	EURO €	<b>0</b>	14289
	INR Rs.	<b>0</b>	770184
ii Outgo:			
Import of raw materials	USD \$	<b>0</b>	80584
	INR Rs.	<b>0</b>	3631000
Import of Machinery	EURO €	<b>0</b>	111400
	INR Rs.	<b>0</b>	6267788
Bank charges	USD \$	<b>0</b>	1007
	INR Rs.	<b>0</b>	46342
Export guarantee	USD \$	<b>43016</b>	0
	INR Rs	<b>1721930</b>	0
Foreign Travel	USD \$	<b>0</b>	0
	INR Rs.	<b>0</b>	0

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of Listing Agreement with Stock Exchanges)

**1. A brief statement on Company's philosophy on code of Governance :**

Raasi Refractories Limited's business objective and that of its management and employees is to manufacture and market the Company's product in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees & business partners.

Raasi Refractories Limited is conscious of the fact that the success of the corporation is a reflection of the professionalism conduct and ethical values of its management and employees. Raasi Refractories Limited affirms its commitment to follow good corporate governance practices proactively.

**2. Board of Directors :**

Presently Board of Directors of the Company comprises of 8 Directors. The company has an Executive Chairman and the number of independent Directors is half of the total number of Directors. The number of Non-Executive directors is more than 50% of the total number of Directors.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which he is a Director.

The names and categories of all the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting and also the number of Directorships and committee memberships held by them in other companies are given below:

Sl. No.	Name	Category	No. of Board Meetings attended 2007-08	Whether attended previous AGM held on 27.09.07	No. of Directorship in other Companies	No. of Committee Positions in Other companies		Remarks
						Member	Chairman	
1	Sri Ashok Kumar Agarwal	Promoter & Executive Chairman	6	Yes	8	Nil	Nil	
2	Sri Sanjay Agarwal	Promoter & Non- Executive	6	Yes	6	Nil	Nil	
3	Sri Muralidhar Agarwal	Independent & Non- Executive	6	No	4	Nil	Nil	
4	Sri Mahesh Kumar Agarwal	Promoter & Non- Executive	7	No	5	Nil	Nil	
5	Sri Natwar Lath	Independent & Non-Executive	7	Yes	1	Nil	Nil	
6	Sri R.C. Biswas	Non- Independent & Executive	7	Yes	Nil	Nil	Nil	
7	Sri.Pramod Kumar Agarwal	Independent & Non-Executive	6	No	4	Nil	Nil	
8	Sri. Kirit .D.Sanghvi	Independent & Non-Executive	6	Yes	3	Nil	Nil	

Seven (7) Board Meetings were held during the year 2007-08 and the gap between 2 meetings did not exceed 4 months. The dates on which the Board Meetings held were 30th June 2007, 31st July 2007, on 1st September, 2007, on 31st October 2007, on 17th January 2008, on 31st January 2008 and on 1st March 2008.

**3. Audit Committee :**

The Board of Directors has constituted the Audit Committee at their meeting held on 20th October 2000. The committee was subsequently re-structured and presently comprised of 3 non-executive Directors viz., Sri Muralidhar Agarwal, Sri Natwar Lath and Sri.Pramod Kumar Agarwal. Sri Muralidhar Agarwal is the Chairman of the Committee. During the year 2007-08 the Audit Committee met 5 times on 11th April 2007, 30th June 2007, 31st July 2007, 31st October, 2007 and 31st Jan 2008. The

Name of the Member	No. of meetings attended during the year 2007-08	Remarks
Sri. Muralidhar Agarwal	5	
Sri. Natwar Lath	5	
Sri. Pramod Kumar Agarwal	3	
Sri R. C. Biswas**	2	

**\*\*Note:** Sri Pramod Kumar Agarwal was appointed as a Member of the Audit Committee in place of Sri. R. C. Biswas, Director-Operations of the Company at the meeting of the Board of Directors of the Company held on 30th June, 2007

Sri. Muralidhar Agarwal with vast experience in business and finance is the Chairman of the Audit Committee. The role and terms of reference to the Audit Committee covers areas mentioned under Clause 49 (d) of the Listing agreement, besides other terms as may be referred by the Board of Directors. The meetings of the Audit Committee were attended by Internal Auditor and Finance Manager. The Statutory Auditors of the Company are invited for the meetings as and when required.

**4. Remuneration Committee :**

The Company has constituted a Remuneration committee on 30th April 2003 in terms of schedule XIII of the Companies, act 1956 read with clause 49 of the Listing Agreement. Presently the Remuneration Committee comprises of Sri Muralidhar Agarwal, Sri Natwar Lath and Sri. Kirit D.Sanghvi. Sri Muralidhar Agarwal is the Chairman of the Remuneration Committee. The broad terms of reference of the remuneration committee are to approve/recommend to the Board the salary (including annual increments) perquisites and commission including pension rights & and any compensation payment to be paid to the company's Managing/Whole-Time-Directors. There was no remuneration committee meeting held during the year.

**Remuneration Policy:** The Company while deciding the remuneration package of the management takes into consideration the employment scenario, remuneration package of the industry, financial performance of the company and talents of the appointee. None of the Directors are entitled to sitting fees. No Director other than Sri. R.C. Biswas, the Director Operations is paid any remuneration.

Details of remuneration/sitting fees paid to the Directors for the year ended 2007-08 are given below.

Name	Sitting fee Rs	Salary, Perquisites and allowance Rs.	Stock Options Rs.
Sri Ashok Kumar Agarwal	-----	NA	Nil
Sri Sanjay Agarwal	-----	NA	Nil
Sri Muralidhar Agarwal	-----	NA	Nil
Sri Mahesh Kumar Agarwal	-----	NA	Nil
Sri Natwar lath	-----	NA	Nil
Sri R.C. Biswas	-----	4,70,400	Nil
Sri. Pramod Kumar Agarwal	-----	NA	Nil
Sri. Kirit D. Sanghvi	-----	NA	Nil

#### 5. Shareholders'/Investor's Grievance Committee :

The Shareholders/Investor's Grievance Committee presently comprises Sri Muralidhar Agarwal, Sri Natwar Lath and Sri Sanjay Agarwal.

The committee inter alia approves issue of duplicate certificates, oversees and reviews all matters connected with the securities transfer. The committee also looks into redressal of Shareholders' complaints/requests like transfer of shares, non-receipt of balance sheet, change of address, revalidation of dividend warrants etc. The committee periodically evaluates the performance of the Registrar and Share Transfer agents and recommends measures for improvement in the quality of investor services.

The total number of complaints/requests (other than request for transfer and demat) received and replied to the satisfaction of the shareholders during the year under review was 31. There were no outstanding complaints as on 31st March 2008. All the valid requests for transfer of shares were considered for transfer. There were no share transfers pending as on 31.03.2008.

During the year 2007-08 the Shareholders/Investors Grievance Committee met 17 times on 16<sup>th</sup> April 2007, 30<sup>th</sup> April 2007, 15<sup>th</sup> May 2007, 31<sup>st</sup> May 2007, 30<sup>th</sup> June 2007, 16<sup>th</sup> July 2007, 31<sup>st</sup> July 2007, 16<sup>th</sup> August 2007, 31<sup>st</sup> August, 2007, 27<sup>th</sup> September 2007, 31<sup>st</sup> October 2007, 30<sup>th</sup> November 2007, 15<sup>th</sup> December 2007, 31<sup>st</sup> December, 2007, 16<sup>th</sup> January 2008, 29<sup>th</sup> February 2008, 15<sup>th</sup> March 2008

Name of the Member	No. of meetings attended during the year 2007-08
Sri Muralidhar Agarwal	17
Sri Natwar Lath	12
Sri Sanjay Agarwal	15

**6. Chief Executive Officer (CEO) and CFO Certification :**

A Certificate from Sri Ashok Kumar Agarwal, the Executive Chairman of the Company, and Sri J.K.Rao, Chief Financial Officer of the Company on the Financial Statements and Cash Flow statements for the year under review, was placed before the Board of Directors at their meeting held on 30<sup>th</sup> June, 2008.

**7. General Body Meetings :**

Location & Time of Last 3 Annual General Meetings:

Year	Venue	Date and Time	Special Resolution passed and relevant section of the Companies Act, 1956
2006-07	Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad-500 063.	27-09-2007 at 11: 00 A.M.	1.Appointment of Shri Ashok Kumar Agarwal as the Executive Chairman of the Company (Section 198, 269 and 309 read with Schedule XIII)  2. Appointment of Shri. R. C. Biswas as the Director-Operations of the Company (Section 198, 269 and 309 read with Schedule XIII)
2005-06	Bhaskara Auditorium, B.M.Birla Science Centre, Adarsh Nagar, Hyderabad-500 063	15-09-2006 at 11:00 A. M.	None
2004-05	Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad-500 063	30-08-2005 at 11:00 A. M.	1. Amendment of Memorandum and Articles of Association consequent upon Enhancement of Authorised Capital from Rs. 7,50,00,000 to Rs. 15,00,00,000 (Section 16,31 and 94)  2. Offer of further securities to the existing Equity shareholders on rights basis in the ratio of 1:1 (Section 81)  3. Enhancement of Managerial Remuneration to Mr. Sanjay Agarwal from Rs. 25,000 to Rs. 1,00,000 p.m. (section 198, 309 and 310)



**8. Postal Ballot :**

During the year, Your Company has allotted 6,50,000 Equity Shares of the face value of Rs.10/- (Rupees Ten Only) each at a Price Rs.36/- per share (including premium of Rs.26/- per share) to Brabourne Commerce Private Limited on Preferential basis. The consent of the members by way of passing of Special Resolution, as required in terms of the Section 81 (1A) of the Companies Act, 1956 was obtained through Postal Ballot, the result of which was announced on 21<sup>st</sup> February 2008. Shri B. Pavan Kumar, Company Secretary, was appointed as the scrutinizer for overseeing the Postal Ballot process. The above special resolution was passed with a 100% majority.

The company has complied with the procedures for the postal ballot in terms of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and amendments thereto. The board does not recommend any special resolution for approval of the members at the ensuing 26th annual general meeting.

**9. Disclosures :**

During the year 2007-08, the company had no materially significant related transactions which are considered to have a potential conflict with the interest of the company at large. The disclosures as regard to related party transactions are disclosed in the notes to accounts. None of the transactions with any of the related parties were in conflict with the interests of the company.

There were no instances of non-compliances, penalties, strictures imposed on the company by the stock exchanges, or any other statutory authority on any matter relating to the capital markets during the last three (3) years except to the extent of Rs.25000 for failure to submit information as required under regulation 8(3) of SEBI (Substantial Acquisition & Take Over) Regulations, 1997 during 2004-05.

**10. Means of Communication :**

The quarterly, half yearly and annual results are generally published by the company in Financial Express (English Edition) and Andhra Jyothi (Telugu Edition). The same results are sent to the stock exchanges as per Listing Agreement. The results are not posted on the company's website which is under preparation. The company is unable to upload the results and shareholding pattern and annual report on the EDIFAR website maintained by National Informatics Centre (NIC) due to lack of completion of formalities.

**11. Management Discussion and Analysis Report :**

Information on Management Discussion and Analysis is given in the Directors' report

**12. Compliance with non-mandatory requirements :**

**12.1 Remuneration committee :**

The Board has set up a remuneration committee details whereof are furnished at Sr. No. 4 of this report.

**12.2 Shareholder rights :**

The quarterly financial results including summary of significant events of relevant period of six months are published in newspapers.

**12.3 Audit qualifications**

Strategic decisions were taken during the year resulting in unqualified financial statements of the company.

**12.4 Whistle Blower Policy an Training of Board Members :**

The Company does not have a Whistle Blower policy and a programme for Training of Board members.

**13. General Shareholders Information**

**a. 26th Annual General Meeting**

Date and Time : Thursday, the 25th September, 2008 at 11.00 A.M  
 Venue : B.M Birla Science Centre, Adarsh Nagar, Hyderabad-500 063

As required under clause 49 VI(A) of the listing agreement, particulars of Directors seeking appointment/reappointment are given in the notes to the notice of the Annual General Meeting to be held on 25th Day of September 2008.

**b. Financial Calendar (tentative)**

Financial Year : 1st April to 31st March  
 First Quarter Results : July, 2008  
 Second Quarter results and half yearly results : October 2008  
 Third Quarter result : January 2009  
 Last Quarter Results/ Audited Results : April 2009/ June 2009

**c. Dates of Books Closure**

: 20<sup>th</sup> September 2008 to  
 : 25th September 2008

**d. Divident payment date**

: Not applicable

**e. Listing on Stock Exchanges**

The Company's securities are listed on : The Hyderabad Stock Exchange Limited  
 (Stock Code-RRL)  
 Bombay Stock Exchange Limited  
 (Stock Code- 502271)

**f. ISIN Numbers in NSDL &CDSL for**

**Equity Shares**

INE858D01017

**g. Listing Fee**

The Company has paid its annual Listing fees to each of the above Stock exchanges for the financial Year 2008-09.

**h. Market Price Data**

High/Low price quotation in each Month of the last financial year 2007-08 on the stock exchange Mumbai is given below. There is no trading in the Hyderabad stock Exchange, hence no quotation for the year

Month	High (Rs.)	Low (Rs.)
April 2007	21.60	17.10
May 2007	20.80	16.20
June 2007	22.00	16.00
July 2007	21.00	17.00
August 2007	24.45	17.75
September 2007	27.10	20.10
October 2007	33.90	22.55
November 2007	34.30	28.00
December 2007	36.35	28.50
January 2008	39.60	25.20
February 2008	34.90	22.30
March 2008	30.70	15.90

Source: www.bseindia.com

**i. Registrars and Transfers Agents (RTA)**

Aarhi Consultants (P) Ltd.

1-2-285, Domalguda, Hyderabad- 500 029

Share transfers and communications regarding share certificates, change of address, etc., must be forwarded to the RTA.

**j. Share Transfer System**

Presently share transfers that are received in physical form are processed within 15 days from the date of receipt, subject to the documents being valid and complete in all respects and are dispatched to the shareholders within 30 days from the date of receipt.

**k. Distribution of shareholding as on 31st March 2008.**

Sl.	Category	No. of Cases	% of Cases	Shares No.	Amount Rs.	% of Amount
1.	1 -- 5000	5824	95.75	549798	5497980.00	13.95
2.	5001 -- 10000	126	2.07	101454	1014540.00	2.57
3.	10001 -- 20000	62	1.01	93869	938690.00	2.38
4.	20001 -- 30000	20	0.33	50811	508110.00	1.29
5.	30001 -- 40000	14	0.23	48892	488920.00	1.24
6.	40001 -- 50000	8	0.13	38937	389370.00	0.99
7.	50001 -- 100000**	11	0.18	70632	706320.00	1.79
8.	100001 & Above	18	0.30	2987607	29876070.00	75.79
	Total :	6083	100.00	3942000	39420000.00	100.00

**\*\*NOTE:** The Board of Directors of the Company at their meeting held on 1<sup>st</sup> day of March, 2008 allotted 6,50,000 Equity Shares of the Company on Preferential Basis to Brabourne Commerce Private Limited and Listing Approval for the same was obtained from the Bombay Stock Exchange vide its letter dated 28-04-2008 that is after the end of quarter 31.03.2008. Hence the same is not included in the distribution schedule.

**Shareholding Pattern as on 31st March, 2008**

Category	No. of Shares held	Percentage of Shareholding
Promoters holding		
1. Promoters		
Indian Promoters	2387220	60.56
Foreign Promoters	—	—
2. Persons acting in concert	—	—
Sub Total	2387220	60.56
Non- Promoters Holding		
3. Institutional Investors		
a. Mutual funds and UTI	—	—
b. Banks, Financial Institutions, Insurance Companies(Central/ State Gov. Institutions/Non-Government Institutions)	98775	2.51
c. FI'S	—	—
Sub-Total	98775	2.51
4. Others		
a. Private Corporate Bodies	360375 **	9.14
b. Indian Public	1087886	27.6
c. NRIs/OCBs	7594	0.19
d. Another-Trust	—	—
e. Clearing Members	150	0
Sub-Total	1456005	36.93
Grand Total	3942000	100

**\*\*NOTE:** The Board of Directors of the Company at their meeting held on 1<sup>st</sup> March, 2008 allotted 6,50,000 Equity Shares of the Company on Preferential Basis to Brabourne Commerce Private limited and Listing Approval for the same was obtained from the Bombay Stock Exchange vide letter Dated 28-04-2008 that is after the end of quarter 31.03.2008. Hence the same is not included in the Shareholding Pattern.

**I. De-materialization of shares and liquidity**

Trading in Equity shares of the Company is permitted only in dematerialized form as per notification

issued by SEBI. Dematerialization of shares is done through Aarathi Consultants Private Limited and on an average the dematerialization process is completed within a period of 10 days from receipt of a valid demat request along with all documents. Approximately 88.46 % of the paid up capital has been dematerialized as on 31.3.2008

- m. Outstanding ADRs/GDRs/** Not applicable  
Warrants or any convertible instruments, conversion date and likely impact on equity
- n. Plant Locations** The Company's plant is located at:  
Lakshmipuram, Marketpally,  
Nalgonda District, Andhra Pradesh- 508 254
- o. Address for Correspondence** Raasi Refractories Limited  
6-3-349/20, Alpha Business Centre  
IInd Floor, Road No.1, Banjara Hills,  
Hyderabad - 500 034.  
Ph: 040-65510588, 65511347  
raasirefractory@rediffmail.com
- p. Investor Correspondence**
- \*For transfer in physical form  
Aarathi Consultants (P) Ltd  
1-2-285, Domalguda,  
Hyderabad-500 029
- \* For Shares in Demat form  
To the Depository Participant

For and behalf of the Board  
For **RAASI REFRATORIES LIMITED**

**Date: 30-06-2008**  
**Place: Hyderabad**

**Ashok Kumar Agarwal**  
**Executive Chairman**

**R. C. Biswas**  
**Director-Operations**

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**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT**

To

**The Members of Raasi Refractories Limited**

I, Ashok Kumar Agarwal, Executive Chairman of Raasi Refractories Limited declare that to the best of my knowledge and belief, all the Members of the Board and Senior Management personnel of the Company have affirmed their respective compliance with the applicable Code of Conduct for the Year ended March 31, 2008.

For **Raasi Refractories Limited**

**Place: Hyderabad**  
**Date: 30.06.2008**

**Ashok Kumar Agarwal**  
**Executive Chairman**



## RAASI REFRACTORIES LIMITED

### EXECUTIVE CHAIRMAN (CEO) and CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION:

We, Ashok Kumar Agarwal, Executive Chairman and J. K Rao, Chief Financial Officer of Raasi Refractories Limited to the best of our knowledge and belief certify that:

1. We have reviewed the balance Sheet and Profit and Loss Account and all its schedules and notes on accounts as well as the Cash Flow Statements for the year ended March 31, 2008.
2. To the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
5. We have indicated to the Company's auditors and the Audit committee of the Company that during the year:
  - (i) there are no significant changes in internal control over financial reporting;
  - (ii) there are no significant changes in accounting policies; and
  - (iii) there are no frauds, whether or not material that involves management or other employees having significant role in the company's internal control system over financial reporting.

**Date : 30/06/2008**  
**Place: Hyderabad**

**Ashok Kumar Agarwal**  
**Executive Chairman**

**J.K Rao**  
**Chief Financial Officer**

### AUDITORS REPORT ON CORPORATE GOVERNANCE

#### To The Members of Raasi Refractories Limited

We have examined the compliance of Corporate Governance by Raasi Refractories Limited for the year ended 31<sup>st</sup> March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of condition of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance; it is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned listing agreement.

We state that no investor grievances were pending for a period of one month against the company as certified by the Registrars & Transfer Agents of the company, based on the records maintained by them.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date: 30/06/2008**  
**Place: Hyderabad**

For **SRB & ASSOCIATES**  
Chartered Accountants  
**T. Lakshminarayana**  
Partner

**AUDITORS REPORT:**

To The Members of **RAASI REFRACTORIES LIMITED**, HYDERABAD

1. We have audited the attached Balance sheet of **RAASI REFRACTORIES LIMITED** as at 31<sup>st</sup> March 2008 and the related profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

(a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

(e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2008, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached there to give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;

(ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Date: 30/06/2008**

For **SRB & ASSOCIATES**

**Place: Hyderabad**

Chartered Accountants

**T. Lakshminarayana**

**Partner**

**Membership No: 14674**

**ANNEXURE TO AUDITOR'S REPORT**

**(Referred to in paragraph 3 of the Auditors' Report of even date to the members of RAASI REFRACTORIES LIMITED on the financial statement for the year ended 31<sup>st</sup> March, 2008)**

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) Fixed assets are physically verified by the management according to a phased programme designed to cover all the fixed assets once a year, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.  
(c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
2. (a) The inventory has been physically verified by the management during the year-end. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.
3. (a) The unsecured loan taken by the company from a Company, covered in Register maintained under Section 301 during last year and outstanding at the end of the current year is Rs. 400.33 lakhs .The company is paying interest @ 1% per annum on the loan taken.  
(b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions, are not prima-facie prejudicial to the interest of the company.  
(c) The company is yet to start repayment and credited the interest due to their account.
4. In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion and according to the information and explanation given to us, there are no transactions made in purchase of such contracts or arrangements and exceeding Rs. five lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.



7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. According to information and explanation given to us the Central Government has not prescribed maintenance of cost records for the company as required under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and records of the company examined by us, in our opinion, the company is regular in depositing undisputed statutory dues in respect of income tax, sales tax, customs duty, excise duty, cess with the appropriate authorities. The company has delay the payment of Service Tax, ESI during year and the details of out standing above six month are as below:
- Service Tax - Rs.10,79,299.00  
ESI - Rs. 292339.00
- (b) According to the information and explanations given to us and the records of the company examined by us, the company does not have any disputed liability towards income tax, sales tax, custom duty, excise duty, cess and other material statutory dues as applicable.
10. The company has no accumulated losses as at 31<sup>st</sup> March, 2008 and it has not incurred any cash losses in the financial year ended on that date or on the immediately preceding financial year.
11. As per the information and explanations given to us and the records verified by us, No repayments of principal or interest have been made in case of the following financial institutions:
- | Particulars         | Principal amount Rs. | Interest Rs. | Period due from |
|---------------------|----------------------|--------------|-----------------|
| Term loan from GIC  | 3,43,750             | 4,81,229     | 01.04.1999      |
| Term loan from NIA  | 2,57,813             | 3,62,734     | 01.04.1999      |
| Term loan from UIIC | 2,51,625             | 3,52,472     | 01.04.1999      |
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.



## RAASI REFRATORIES LIMITED

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19. The company has not issued any debentures and hence, the provisions of clause 4(xix) of the companies (Auditor Report) Order 2003 are not applicable.
20. The company has not raised any money by public issues during the year hence, the provisions of clause 4(xix) of the companies (Auditor Report) Order 2003 are not applicable.
21. 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.
22. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **SRB & ASSOCIATES**

Chartered Accountants

**Date: 30/06/2008**

**Place: Hyderabad**

**T. Lakshminarayana**

**Partner**

**Membership No: 14674**



## RAASI REFRATORIES LIMITED

### Balance Sheet as on 31st March 2008

Particulars	Schedule	AS AT March 31,2008 Rs.	AS AT March 31,2007 Rs.
<b>I Sources of Funds</b>			
<b>1 Shareholders' Funds</b>			
Share Capital	A	4,59,20,000	3,94,20,000
Reserves and Surplus	B	2,50,81,164	75,07,325
<b>2 Loan Funds</b>			
Secured Loans	C	13,20,49,146	13,42,84,148
Unsecured Loans	D	4,02,50,352	4,02,21,673
<b>3 Deferred Tax Liability</b>			
		83,68,514	83,68,514
<b>Total</b>		<b>25,16,69,176</b>	<b>22,98,01,660</b>
<b>II Application of funds</b>			
<b>1 Fixed Assets</b>			
Gross Block	E	18,15,03,283	18,19,71,408
Less: Depreciation		<u>9,10,77,024</u>	<u>8,38,29,986</u>
Net Block		9,04,26,259	9,81,41,422
Capital Work in progress		<u>2,30,11,108</u>	<u>72,56,547</u>
		<b>11,34,37,367</b>	<b>10,53,97,969</b>
<b>2 Current Assets, Loans &amp; advances</b>			
Inventories	F	7,77,67,975	7,78,20,059
Sundry Debtors	G	5,24,71,897	5,31,67,479
Cash and Bank Balances	H	78,84,968	1,57,31,586
Loans and Advances	I	<u>4,41,77,428</u>	<u>4,14,87,723</u>
		<b>18,23,02,268</b>	<b>18,82,06,847</b>
Less: Current Liabilities & Provisions			
Liabilities	J	3,49,32,058	5,54,47,883
Provisions	K	<u>91,58,157</u>	<u>83,84,907</u>
Net Current Assets		<b>13,82,12,053</b>	<b>12,43,74,057</b>
<b>3 Miscellaneous Expenditure to the extent not written off</b>			
	L	19,756	29,634
<b>Total</b>		<b>25,16,69,176</b>	<b>22,98,01,660</b>

Significant Accounting Policies and Notes on Accounts U

As per our report of even date

**For SRB & ASSOCIATES**  
Chartered Accountants

**T.Lakshminarayana**  
Partner  
Place : Hyderabad  
Date : 30.06.2008

**Ashok Kumar Agarwal**  
Executive Chairman

for and on Behalf of the Board  
for Raasi Refractories Limited

**R.C. Biswas**  
Director-Operations

**Profit and Loss Account for the year ended 31st March 2008**

Particulars	Schedule	March 31,2008 Rs.	March 31,2007 Rs.
<b>I INCOME</b>			
(a) Sales	M	38,65,98,390	34,59,65,592
(b) Other Income	N	70,87,712	1,50,75,734
(c) Increase/(Decrease) in value of Stock	O	(66,88,448)	(79,90,942)
<b>Total</b>		<b>38,69,97,659</b>	<b>35,30,50,384</b>
<b>II EXPENDITURE</b>			
(a) Raw materials consumed		21,84,02,363	17,86,83,524
(b) Stores & Spares consumed		54,17,882	1,26,31,104
(c) Power & Fuel	P	2,16,99,410	2,20,70,881
(d) Other Manufacturing Expenses		68,65,209	65,34,187
(e) Employees Remuneration & Benefits	Q	1,75,21,889	2,04,84,956
(f) Repairs and Maintenance	R	14,33,522	30,01,405
(g) Administrative and Other Expenses	S	1,75,01,762	2,06,83,655
(h) Excise Duty		5,26,22,626	4,28,90,736
(i) Sales Tax		1,30,88,839	1,27,46,536
<b>Total</b>		<b>35,45,53,502</b>	<b>31,97,26,982</b>
<b>III Profit before interest, depreciation and taxes</b>		<b>3,24,44,152</b>	<b>3,33,23,402</b>
Interest & Financial Expenses	T	2,15,01,688	1,96,91,004
Depreciation	E	90,59,343	87,08,273
<b>IV Profit/(Loss) before Tax</b>		<b>18,83,121</b>	<b>49,24,125</b>
Prior period adjustment (Exp)		8,84,282	5,74,005
Provision for Income Tax		2,25,000	13,70,000
Provision for FBT		1,00,000	2,37,000
<b>V Net profit/(Loss)</b>		<b>6,73,839</b>	<b>27,43,120</b>
Brought forward profit/(loss)		59,76,882	32,33,762
<b>VI Profit/(Loss) carried to balance sheet</b>		<b>66,50,721</b>	<b>59,76,882</b>

Significant Accounting Policies and Notes on Accounts U

As per our report of even date

**For SRB & ASSOCIATES**  
 Chartered Accountants

 for and on Behalf of the Board  
**for Raasi Refractories Limited**
**T. Lakshminarayana**  
 Partner

**Ashok Kumar Agarwal**  
 Executive Chairman

**R.C. Biswas**  
 Director-Operations

 Place : Hyderabad  
 Date : 30.06.2008

**SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

Particulars	As at March 31,2008 Rs.	As at March 31,2007 Rs.
<b>Schedule A</b>		
<b>Share Capital</b>		
Authorised		
15000000 Equity Shares of Rs. 10/- each	<u>15,00,00,000</u>	<u>15,00,00,000</u>
	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued, Subscribed & Paid-up		
4592000 (PY 3942000) Equity Shares of Rs. 10/- each	<u>4,59,20,000</u>	<u>3,94,20,000</u>
	<u>4,59,20,000</u>	<u>3,94,20,000</u>
<b>Schedule B</b>		
<b>Reserves &amp; Surplus</b>		
Central Subsidy	15,00,000	15,00,000
Forfeiture of shares	30,443	30,443
Share Premium	1,69,00,000	-
Profit & Loss Account	<u>66,50,721</u>	<u>59,76,882</u>
<b>Total</b>	<u>2,50,81,164</u>	<u>75,07,325</u>
<b>Schedule C</b>		
<b>Secured Loans</b>		
Term Loans		
Industrial Finance Corporation of India (IFCI)	45,39,664	48,39,664
General Insurance Corporation of India (GIC)	3,43,750	3,43,750
The New India Assurance Company Limited (NIA)	2,57,813	2,57,813
United India Insurance Company Limited (UIIC)	2,51,625	2,51,625
<b>TERM LOANS FROM BANKS</b>		
SBBJ	81,13,099	93,13,490
SBI	1,88,51,640	2,27,80,028
Interest Accrued & Due	15,46,305	14,26,858
Cash Credit From Banks	<u>9,81,45,250</u>	<u>9,50,70,920</u>
<b>Total</b>	<u>13,20,49,146</u>	<u>13,42,84,148</u>
<b>Schedule D</b>		
<b>Unsecured Loans</b>		
Long Term Advance from Customers	4,00,33,285	3,97,26,044
Others	<u>2,17,067</u>	<u>4,95,629</u>
<b>Total</b>	<u>4,02,50,352</u>	<u>4,02,21,673</u>

**SCHEDULE 'E'  
FIXED ASSETS**

SL NO	DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		AS AT 31/03/07	ADDITIONS DURING THE YEAR	DEDUC./ ADJUST DURING THE YEAR	TOTAL UPTO 31/03/08	UPTO 31/03/07	FOR THE YEAR	TOTAL UPTO 31/03/08	AS AT 31/03/08	AS AT 31/03/07
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	LAND & SITE DEVELOPMENT	24,44,792	-	-	24,44,792				24,44,792	24,44,792
2	BUILDINGS FACTORY	33,37,181	-	-	33,37,181	15,26,021	1,11,462	16,37,483	16,99,698	18,11,160
3	BUILDINGS OTHERS	1,17,97,399	1,91,657	-	1,19,89,056	32,29,339	1,94,366	34,23,725	85,65,331	85,68,060
4	PLANT & MACHINERY	14,70,82,057	9,75,093	-	14,80,57,150	7,34,36,208	77,95,396	8,12,31,604	6,68,25,546	7,36,45,849
5	FURNITURE & FIXTURES	21,26,735	17,890	-	21,44,625	8,86,978	1,52,512	10,39,490	11,05,135	12,39,757
6	OFFICE EQUIPMENT	12,25,637	1,59,540	-	13,85,177	7,43,263	90,667	8,33,930	5,51,247	4,82,374
7	LAB EQUIPMENT	88,08,978	-	-	88,08,978	11,20,353	4,65,114	15,85,467	72,23,511	76,88,625
8	WATER SYSTEMS	8,53,179	-	-	8,53,179	1,65,603	13,907	1,79,510	6,73,669	6,87,576
9	VEHICLES	24,83,145	-	-	24,83,145	9,09,916	2,35,899	11,45,815	13,37,330	15,73,229
	SUB TOTAL	18,01,59,103	13,44,180	-	18,15,03,283	8,20,17,681	90,59,343	9,10,77,024	9,04,26,259	9,81,41,422
10	CAPITAL WORK-IN-PROGRESS	72,56,547	1,57,54,561	-	2,30,11,108	-	-	-	2,30,11,108	72,56,547
	TOTAL AS ON 31.03.08	18,74,15,650	1,70,98,741	-	20,45,14,391	8,20,17,681	90,59,343	9,10,77,024	11,34,37,367	10,53,97,969
	FIGURES FOR PREV. YEAR	17,27,68,603	1,64,59,352	-	18,92,27,955	7,51,21,713	87,08,273	8,38,29,986	10,53,97,969	9,76,46,890

Particulars	As at March 31,2008 Rs.	As at March 31,2007 Rs.
<b>Schedule F</b>		
<b>Inventories</b>		
Finished Goods	1,22,23,259	2,03,76,438
Work-in-progress	1,18,36,964	1,03,72,233
Raw Materials	4,75,77,612	4,05,09,604
Stores & Spares	52,04,337	54,22,823
Coal	8,91,750	11,09,009
Furnace Oil	34,053	29,952
<b>Total</b>	<b>7,77,67,975</b>	<b>7,78,20,059</b>
<b>Schedule G</b>		
<b>Sundry Debtors(Unsecured, Considered good, Net)</b>		
Debts outstanding for a period exceeding 6 months	35,79,805	1,12,26,682
Others	4,88,92,092	4,19,40,797
<b>Total</b>	<b>5,24,71,897</b>	<b>5,31,67,479</b>
<b>Schedule H</b>		
<b>Cash &amp; Bank balances</b>		
Cash & Stamps on hand	12,56,998	47,85,833
Balance in current accounts	3,56,603	18,08,207
Bal.with Scheduled Banks in Margin money accounts	62,71,367	91,37,546
<b>Total</b>	<b>78,84,968</b>	<b>1,57,31,586</b>
<b>Schedule I</b>		
<b>Other current assets, loans &amp; advances (Unsecured &amp; Considered good)</b>		
Trade advances	75,26,918	75,26,918
Claims receivable	12,44,885	12,91,512
Income Tax paid (TDS)	2,50,375	4,59,912
Advances to Sales Tax	35,206	50,025
Advances to Staff	7,79,758	6,64,758
Earnest Money Deposit	11,36,161	8,27,476
Prepaid Expenses	10,417	2,25,675
Performance Bonus Receivable	2,52,00,741	2,52,00,741
Other Advances & Deposits	79,92,967	52,40,706
<b>Total</b>	<b>4,41,77,428</b>	<b>4,14,87,723</b>

Particulars	As at March 31,2008 Rs.	As at March 31,2007 Rs.
<b>Schedule J</b>		
<b>Current Liabilities</b>		
<b>(Including Liabilities for Capital Works)</b>		
Liabilities		
Sundry Creditors		
Total outstanding dues to SSI undertakings	80,976	3,31,481
Total outstanding dues to creditors other than SSI	2,18,87,188	4,11,72,619
Other Liabilities	1,28,20,528	1,38,00,417
Interest & Commitment charges accrued but not due	1,43,366	1,43,366
<b>Total</b>	<b>3,49,32,058</b>	<b>5,54,47,883</b>
<b>Schedule K</b>		
<b>Provisions</b>		
Provision for gratuity	63,56,194	54,48,032
Provision for Income Tax	28,01,963	29,36,875
<b>Total</b>	<b>91,58,157</b>	<b>83,84,907</b>
<b>Schedule L</b>		
<b>Miscellaneous Expenditure to the extent not written off</b>		
<i>Deferred Revenue Expenses</i>		
Software package	19,756	29,634
<b>Total</b>	<b>19,756</b>	<b>29,634</b>
<b>Schedule M</b>		
<b>Sales</b>		
Export Sales	20,61,583	1,11,99,577
Domestic Sales	38,33,14,355	33,33,28,508
Self Consumption	12,22,452	14,37,507
<b>Total</b>	<b>38,65,98,390</b>	<b>34,59,65,592</b>
<b>Schedule N</b>		
<b>Other Income</b>		
Interest received	2,05,587	4,70,694
Sale of Steel Scrap, & Misc. scrap	55,38,911	57,52,387
Unclaimed balances credited back	-	75,82,500
Misc Income	13,43,214	12,70,153
<b>Total</b>	<b>70,87,712</b>	<b>1,50,75,734</b>



Particulars	As at March 31,2008 Rs.	As at March 31,2007 Rs.
<b>Schedule O</b>		
<b>Increase/(Decrease) in value of stock</b>		
<b>Work-in-progress</b>		
Opening Stock	1,03,72,233	2,65,94,771
Closing Stock	<u>1,18,36,964</u>	<u>1,03,72,233</u>
	<u>14,64,731</u>	<u>(1,62,22,538)</u>
<b>Finished Goods</b>		
Opening Stock	2,03,76,438	1,21,44,842
Closing Stock	<u>1,22,23,259</u>	<u>2,03,76,438</u>
	<u>(81,53,179)</u>	<u>82,31,596</u>
Increase/(Decrease) in value of stock	<u>(66,88,448)</u>	<u>(79,90,942)</u>
<b>Schedule P</b>		
<b>Power &amp; Fuel</b>		
Power	78,17,212	76,59,568
Fuel	<u>1,38,82,198</u>	<u>1,44,11,313</u>
<b>Total</b>	<u>2,16,99,410</u>	<u>2,20,70,881</u>
<b>Schedule Q</b>		
<b>Employees Remuneration &amp; Benefits</b>		
Salaries & Wages	1,12,78,197	1,48,17,173
Other Benefits	47,11,868	44,76,418
Gratuity	<u>15,31,824</u>	<u>11,91,365</u>
<b>Total</b>	<u>1,75,21,889</u>	<u>2,04,84,956</u>
<b>Schedule R</b>		
<b>Repairs &amp; Maintenance</b>		
Buildings	1,800	28,730
Plant & Machinery	6,89,584	19,47,687
Others	<u>7,42,138</u>	<u>10,24,988</u>
<b>Total</b>	<u>14,33,522</u>	<u>30,01,405</u>

Particulars	As at March 31,2008 Rs.	As at March 31,2007 Rs.
<b>Schedule S</b>		
<b>Administrative &amp; Other Expenses</b>		
Rent Rates & Taxes	18,28,222	16,00,748
Printing & Stationery	2,37,198	2,51,516
Postage, Telegrams & Telephones	6,42,899	9,65,258
Directors Travelling expenses	3,81,461	4,42,834
Travelling Expenses Staff	15,66,832	18,02,793
Directors Remuneration	4,70,400	8,92,929
Share Issue expenses	1,00,000	0
Insurance	3,93,452	4,21,842
Administrative Expenses	16,68,048	14,15,468
Statutory Audit Fee	1,50,000	1,50,000
Internal Auditors fee	-	1,20,000
Donations	9,016	44,853
Selling & Marketing Expenses	97,62,345	1,23,48,206
Legal & Professional Charges	2,82,011	2,17,330
Deferred Revenue expenses w/off	9,878	9,878
<b>Total</b>	<b>1,75,01,762</b>	<b>2,06,83,655</b>

**Schedule T**

**Interest & Financial Expenses**

Financial Institutions & Banks	7,19,447	8,59,411
Interest on OCC, TL & Others	2,07,82,241	1,88,31,593
<b>Total</b>	<b>2,15,01,688</b>	<b>1,96,91,004</b>

**SCHEDULE-U**

**Notes on Accounts**

**I. Significant Accounting Policies**

**Basis of preparation of accounts :**

The financial statements have been prepared on the basis of going concern, and the historic cost convention, to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the companies Act, 1956

**Fixed Assets :**

Fixed Assets are shown at cost or valuation less depreciation. Cost comprises of the purchase price and other attributable expenses including cost of borrowings till the date of Capitalization in the case of assets involving material investment and substantial lead time.

**Depreciation :**

Depreciation is provided for on straight line method at the rates specified in Schedule XIV to companies Act, 1956, as amended from time to time.

**Inventories :**

Finished goods are valued at cost or market value whichever is lower inclusive of excise duty. Semi-finished goods are valued at cost or net realizable value whichever is lower. Stores and spares, raw material and coal are valued at weighted average cost which includes cost of transportation, insurance, unloading and other incidental expenses. Material in transit is valued at cost plus insurance and other incidental expenses.

**Revenue Recognition :**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**Sale of goods :**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

**Interest :**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividend :**

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

**Retirement Benefits :**

Retirement benefits to employees are provided for by means of Provident Fund, Gratuity and Leave Encashment. Liability towards Gratuity and Leave Encashment are determined based on the management valuation as on the Balance Sheet date.

**Taxes on Income**

Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under Income Tax Act, 1961. Deferred tax is recognized on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in subsequent periods, subject to consideration of prudence.

**II. Notes Forming part of Accounts**

**1. Security of Term Loans**

The term loans are secured on the immovable properties of the company situated at village Narketpally, Dist. Nalgonda in Andhra Pradesh including the company's movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future (save and except book debts and inventory which are charged against working capital facilities sanctioned by the banks) by Deed Hypothecation and also secured by a joint mortgage by way of deposit of title deeds in respect of the immovable properties of the company in favour of Industrial Finance Corporation of India, under the Project Financing Participation Certificate Scheme (PFPCS) in participation with General Insurance Corporation (GIC) and its subsidiaries. The above term loans the aforesaid institutions rank pari-passu among themselves.

Working capital facilities sanctioned by the banks (consortium) are secured by a charge on all the inventories and book debts in favour of State Bank of Hyderabad and Andhra Bank, State Bank of India, State Bank of Bikaner & Jaipur, Hyderabad.

Further, working capital facilities extended by aforesaid banks are secured by mortgage/ charge on the fixed assets of the company on "second charge basis" subservient to charge already created in favour of IFCI acting as agent on behalf of all other specified financial institutions.

The above loans are further secured by personal guarantee of Sri Sanjay Agarwal, Director and Sri Ashok Kumar Agarwal, Executive Chairman of the Company.

**2. Particulars of Remuneration paid to Directors**

	<b>2007-08</b>	<b>2006-07</b>
Salary	<b>4,20,000</b>	7,97,258
Provident Fund	<b>50,400</b>	95,671
Total	<b>4,70,400</b>	8,92,929

**3. Payment Auditors**

	<b>2007-08</b>	<b>2006-07</b>
Statutory Audit Fee	<b>1,35,000</b>	1,35,000
Tax Audit Fee/Certification	<b>15,000</b>	15,000
Total	<b>1,50,000</b>	1,50,000

<b>4. Quantity Details (in M/t)</b>			<b>2007-08</b>	<b>2006-07</b>
Licenced Capacity p.a.			30,000	30,000
Installed Capacity p.a.			27,000	27,000
Finished Production			20,831	17,047
Opening Stock			2,900	1,444
Closing Stock			1,613	2,900
<b>5. Sales</b>		<b>Quantity M/t</b>	<b>(Rs)</b>	
		<b>2007-08</b>	<b>2006-07</b>	
		<b>Qty.</b>	<b>Qty.</b>	<b>Value</b>
Export		157	615	20,61,583
Domestic		22118	15122	38,33,14,355
Internal Consumption		169	254	12,22,452
<b>6. Raw Material Consumption</b>		<b>2007-08</b>	<b>2006-07</b>	<b>2007-08</b>
		<b>Qty.</b>	<b>Qty.</b>	<b>Value</b>
Cal. Bauxite		597	3496	23,90,241
Grog		9016	5611	1,32,95,960
Others		—	—	20,27,16,162
<b>Total</b>				<b>21,84,02,363</b>
				<b>17,86,83,824</b>
<b>7. Value of Raw Materials, Stores and Spares consumed</b>		<b>2007-08</b>	<b>2006-07</b>	<b>2007-08</b>
		<b>Qty.</b>	<b>Qty.</b>	<b>Value</b>
Raw Material				<b>Value</b>
Imported		0	2.120	0
Indigenous		100	97.88	21,84,02,363
Stores Indigenous		100	100	54,17,882
<b>8. Value of Imports on CIF basis</b>				<b>2007-08</b>
				<b>2006-07</b>
Raw Materials				0
Machinery				36,31,000
<b>9. Expenditure in Foreign Currency</b>				<b>2007-08</b>
				<b>2006-07</b>
Bank Charges				0
LC Payment				46,342
Export guarantee				0
				2,03,10,990
				17,21,930
<b>10. Earning in Foreign Exchange</b>				
Export of goods on FOB Basis				19,76,857
				1,05,80,560

**11. Contingent Liabilities**

Contingent Liabilities not provided for :

Out Standing Bank Guarantee	15,15,785	74,95,000
Out Standing Un Expired irrevocable LC	—	2,65,47,000

12. Segment reporting as defined in Accounting Standard 17 (AS-17) as not applicable since the entire operation of the company relates to only one segment viz., refractories.

**13. Related Party Disclosures :**

Information relating to Related Party Transactions as per Accounting Standard 18 issued by Institute of Chartered Accountants of India is given below:

A. <u>Name of the Related Party</u>	<u>Relation Ship</u>
Sarvesh Refractories Limited.	Associate Company
Sree Metaliks Ltd.	Associate Company
Rourkela Minerals Co. Pvt. Ltd.	Associate Company
Trinity Beverages Pvt. Ltd.	Associate Company
Mr. R.C. Biswas	Director Operations, Key Management Personal
Mr. Ashok Agarwal	Executive Chairman, Key Management Personal

**B. Transaction during the year**

	<b>2007-08</b>	<b>2006-07</b>
(i) Sale of finished goods/raw materials/services (net of discounts)		
Associate Companies	<b>Rs. 6,21,69,547</b>	Rs.1,35,85,218
(ii) Interest paid/ provided for		
Associate company	<b>Rs. 3,97,260</b>	Rs. 3,94,212
(iii) Advances Given to		
Associate Company	<b>Rs. 37,04,000</b>	Rs. 46,03,449
(iv) Purchase of Goods from		
Associate Companies	<b>Rs. 22,15,41,897</b>	Rs. 20,10,95,349
(v) Outstanding Balances as at the year end :		
(a)Debtors/ Receivables	<b>Rs.11,33,66,723</b>	Rs.2,51,57,636
(b)Creditors/Payable	<b>Rs.22,56,52,251</b>	Rs.11,46,10,697
(c)Un Secured Loan taken	<b>Rs 4,00,33,285</b>	Rs. 3,97,26,044

14. The amount of Rs. 12,22,452/- shown against self consumption sales in schedule M Pertains to consumption of refractory material towards maintenance of R. C Kilin.
15. Total out standing dues to Small Scale Industries have been ascertained to the extent such parties were identifiable from the information available with company, Name of the SSI to whom the Company owes any sum which is outstanding for more than 30 days; Romit Resins Private Limited, Flamco Refractories (P) Ltd.
16. Amounts shown under sundry debtors, creditors, loans and advances and some Financial Institutions and Banks are subject to confirmation/ reconciliation.
17. Previous figures have been re-grouped/re-arranged wherever necessary.

As per our report of even date

**For SRB & Associates**  
Chartered Accountants

for **Raasi Refractories Limited**

**T. Lakshminarayana**  
Partner

**Ashok Kumar Agarwal**  
Executives Chairman

**R.C.Biswas**  
Director-Operations

**Place : Hyderabad**  
**Date : 30.06.2008**

**CASH FLOW STATEMENT FOR THE YEAR 2007-2008**

(Rs. In Lakhs)

	<b>2007-2008</b>	<b>2006-2007</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit before tax</b>	<b>18.83</b>	49.24
ADJUSTMENT FOR:		
Depreciation	<b>90.59</b>	87.08
Interest Expenses	<b>215.02</b>	196.91
Deferred Revenue expenditure written off	<b>0.10</b>	0.10
Provision for Gratuity	<b>15.32</b>	11.91
Unclaimed balance credited back	-	(75.82)
Interest income	<b>(2.06)</b>	(4.71)
<b>Operating Profit before working capital changes</b>	<b>337.80</b>	264.71
<b>Adjustment for Movement in working capital</b>		
(increase)/Decrease in Sundry Debtors	<b>6.96</b>	568.90
(increase)/Decrease in Other current Assets, Loans and Advances	<b>(26.90)</b>	(216.44)
(increase)/Decrease in Inventories	<b>0.52</b>	(18.55)
increase/(Decrease) in Current Liabilities	<b>(212.73)</b>	(321.04)
<b>Cash generated from Operation</b>	<b>105.65</b>	277.58
Prior period Adjustment	<b>(8.84)</b>	(5.74)
Deferred Tax/ Income Taxes/ Fringe Benefit Tax	<b>(3.25)</b>	(16.07)
<b>Net Cash flow from Operating Activities</b>	<b>93.56</b>	255.77
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(170.99)</b>	(164.59)
Sale of Fixed Assets	-	-
Interest Received	<b>2.06</b>	4.71
<b>Net Cash used in Investing Activities</b>	<b>(168.93)</b>	(159.88)



**C. CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from Issue of Share Capital	<b>234.00</b>	-
Increase/(Decrease) in Cash Credits	<b>30.74</b>	(18.40)
Proceeds/(repayments) of Short term Borrowings	<b>(1.59)</b>	(1.73)
Increase/(Decrease) of Long term Borrowings	<b>(51.22)</b>	193.48
(Increase)/Decrease in Fixed Deposit with Bank	<b>28.66</b>	(32.99)
Interest Paid	<b>(215.02)</b>	(196.91)
Net Cash from Financing Activities	<b>25.57</b>	(56.55)
Net Increase/Decrease in Cash and Cash equivalents	<b>(49.80)</b>	39.34
Cash and Cash Equivalents as at 1st April (Opening Balance)	<b>65.94</b>	26.60
Cash and Cash Equivalents as at 31st March (Closing Balance)	<b>16.14</b>	65.94

As per our report of even date

for and on Behalf of the Board

**For SRB & ASSOCIATES**

for **Raasi Refractories Limited**

Chartered Accountants

**T. Lakshminarayana**  
Partner

**Ashok Kumar Agarwal**  
Executive Chairman

**R.C. Biswas**  
Director-Operations

**Place : Hyderabad**  
**Date : 30.06.2008**

**CERTIFICATE**

We have examined the attached Cash Flow Statement of Raasi Refractories Limited for the period ended 31<sup>st</sup> March, 2008. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of Listing Agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 30.06.2008 to the members of the Company.

**Date: 30/06/2008**  
**Place: Hyderabad**

For **SRB & ASSOCIATES**  
Chartered Accountants

**T. Lakshminarayana**  
Partner



## RAASI REFRATORIES LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 31ST MARCH, 2008

#### I. REGISTRATION DETAILS :

State Code : 01

Registration No. 03339  
 Balance Sheet Date 31st MARCH 2008  
 Date Month Year

#### II. CAPITAL RAISED DURING THE YEAR (AMOUNT Rs. In Thousands ' 000)

Public Issue	Nil	Rights Issue	NIL
Bonus Issue	Nil	Preferential Issue	Rs.6500.00

#### III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (AmountRs. In Thousands' 000)

Total Liabilities	Rs. 251669	Total Assets	Rs.251669
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##### Source of Funds :

Paid-up Capital	Rs. 45920	Secured Loans	Rs.132049
Reserve & Surplus	Rs. 25081	Unsecured Loans	Rs. 40250

##### Application of Funds:

Net Fixed Assets	Rs.113437	Net Current Assets	Rs.138212
Investments	Rs.NIL	Differed Tax +(-)	Rs. (8368)
Miscellaneous Expenditure	Rs.20	Accumulated Losses	Rs. NIL

#### IV. PERFORMANCE OF COMPANY (A MOUNT Rs. Thousands/ '000)

Turnover	Rs. 386998	Profit/ (Loss) Before Tax	Rs.1883
Total Expenditure	Rs. 354554	Profit/ (Loss) After Tax	Rs. 674
Earnings per Share	Rs. 0.15		

#### V. GENERIC NAMES OF THREE FINANCIAL PRODUCTS / SERVICES OF COMPANY

Item Code No. (ITC CODE)	Product Description
69022002	<b>BRICKS AND SHAPES - HIGH ALUMINA</b>
69021001	<b>MAGNESITE BRICKS &amp; SHAPES</b>
69021004	<b>BRICKS AND SHAPES - MAGNESIA CARBON</b>

for and on behalf of the Board  
 for **Raasi Refractories Limited**

**R. C. Biswas**  
 Director - Operations



**RAASI REFRATORIES LIMITED**

**RAASI REFRATORIES LIMITED**

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

**ATTENDANCE SLIP**

**TWENTY SIXTH ANNUAL GENERAL MEETING OF THE COMPANY**

Dp.Id\* ..... Folio No.....

Client Id\* ..... No.of Shares.....

I hereby record my presence at the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the Company being held on Thursday, the 25th September, 2008 at 11.00 A M at Bhaskara Auditorium, B M Birla Science Centre, Adarshnagar, Hyderabad – 500 063.

1. Full Name of the Member \_\_\_\_\_  
(in Block Letters)

2. Full Name of the Proxy Holder \_\_\_\_\_  
(in Block Letters)

Member's / Proxy Signature

- Note:
1. A Member / Proxy attending the meeting must complete this Attendance Slip and hand it over at the entrance.
  2. Member intending to appoint a Proxy, should complete the Proxy Form and deposit it at the Company's Registered Office not later than 48 hours before the commencement of the Meeting.
- \* Applicable for investors holding shares in Electronic Form.

**RAASI REFRATORIES LIMITED**

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

**PROXY FORM**

Dp.Id\* ..... Folio No.....

Client Id\* ..... No.of Shares.....

I/We \_\_\_\_\_ being a Member / Members of **RAASI REFRATORIES LIMITED**, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us and on my/our behalf at the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the Company held on Thursday, the 25<sup>th</sup> September, 2008 at 11.00 A M at Bhaskara Auditorium, B M Birla Science Centre, Adarshnagar, Hyderabad - 500 063 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008

Name : \_\_\_\_\_

Address \_\_\_\_\_

Affix  
1 Rupee  
Revenue  
Stamp

- Note :
1. The Proxy form should be deposit at the Registered Office of the Company not later than 48 hours before commencement of the Meeting.
  2. Please bring your copy of this Annual Report to the Meeting
  3. Proxy need not be a member of the Company.

BOOK POST  
PRINTED MATTER

If undelivered please return to:  
**RAASI REFRACTORIES LIMITED**  
6-3-349/20, Alpha Business Centre,  
IInd Floor, Road No.1, Banjara Hills,  
Hyderabad 500 034