

**43RD
ANNUAL - REPORT
2013-2014**

Rathi Steel and Power Ltd.

BOARD OF DIRECTORS

Shri Pradeep Kumar Rath
Shri Prem Narain Varshney
Shri Shree Kumar Daga
Shri Dwarka Das Lakhotia

AUDITORS

M/s M. Lal & Co. (Chartered Accountants)
III-A, 49 Nehru Nagar
Ghaziabad (U.P.)
Pin- 201001

LEGAL ADVISOR

Mr. Shiv Khurana, Advocate
F-7, Second Floor
Lajpat Nagar-III
New Delhi- 110024

BANKERS

Bank of Baroda
Canara Bank
Syndicate Bank
State Bank of India
Dena Bank
Karur Vyasa Bank Limited
Corporation Bank

REGISTERED OFFICE

Chauhan Market, Madanpur Khadar,
Near Local Shopping Complex,
Pocket- D & E, Sarita Vihar,
New Delhi-110076
Ph: 011- 26991060-62
Fax: 011-26991063
Web Site: <http://www.rathisteelandpower.com>

CORPORATE OFFICE

Industrial Area No. 1
A-3, South of GT Road
Ghaziabad (U.P.)
Pin- 201009
Ph: 0120-2840346-350
Fax: 0120-2840352-353

WORKS:

Unit No. 1

Industrial Area No. 1
A-3, south side of GT Road
Ghaziabad (U.P.)
Pin- 201009
Ph: 0120-2840346-350
Fax: 0120-2840352-353

Unit No.2

Vill. Potapalli, Sikirdi, P.S.
Burla, Dist. Sambalpur
Odisha Pin- 768006
Ph: 0663-2541170, 2230495

REGISTRAR &
SHARE TRANSFER AGENT

Mas Services Limited
T-34, Second Floor
Okhla Industrial Area,
Phase-II, New Delhi- 110020
Ph: 011-26387281-82-83
Fax: 011-26387384
Email: info@masserv.com

NOTICE

Notice is hereby given that the 43rd Annual General Meeting of the members of Rathi Steel And Power Limited will be held on Tuesday, 30th day of September 2014 at KDM Hotels & Resorts Pvt. Ltd. (BULBUL) A-4, Mohan Cooperative Industrial Estates Mathura Road New Delhi-110044 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 and the Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Prem Narain Varshney (DIN: 00012709) who retires by rotation and being eligible offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an ordinary resolution.

"RESOLVED THAT of M/s M. Lal & Co, Chartered Accountants (Registration No. 011148), be and are hereby re-appointed as Auditors of the Company to hold office for a period of 3(three) years until the conclusion of the 46th Annual General Meeting on such remuneration to be decided by the Board of Directors/Audit Committee of the Company."

SPECIAL BUSINESS:

4. To appoint Shri S.K. Daga (DIN: 00208058) an independent director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other provision of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rule 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the listing agreement, Shri S.K. Daga (DIN: 00208058) who was appointed as Independent director liable to retire by rotation and whose term expire at this AGM and in respect to whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the date AGM for 31st March 2019."

5. To appoint Shri Dwarka Das Lakhota (DIN: 00012380) an independent director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other provision of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rule 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the listing agreement, Shri Dwarka Das Lakhota (DIN: 00012380) who was appointed as Independent director liable to retire by rotation and whose term expire at this AGM and in respect to whom the Company has received a notice in writing under section 160 of the Companies

Act, 2013 from member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the date AGM for 31st March 2019."

6. To re-appoint Shri Pradeep Kumar Rathi (DIN: 00012596) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provision of 196, 197 and 203 read with Schedule V and all the applicable provision of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Pradeep Kumar Rathi (DIN: 00012596) as Managing Director of the company, for a period of 5 (five) years with effect from 01/08/2014, on the terms and conditions including remuneration as set out in the statement annexed to the notice convening this meeting, with liberty to the Board of Directors and remuneration committee of the Board to alter and vary the terms and condition of the said re-appointment and /or remuneration as may deem fit and as may be acceptable to Shri Pradeep Kumar Rathi subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the resolution."

7. To appoint Shri Prem Narain Varshney (DIN: 00012709) as Whole time Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED FURTHER that pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company, be and is hereby accorded to the appointment of Shri Prem Narain Varshney (DIN: 00012709) as a Whole-time Director of the Company for a period of five years effective from 01/08/2014, on the terms and conditions of appointment and remuneration set out in the statement annexed to the notice convening this meeting, with liberty to the Board of Directors and remuneration committee of the Board to alter and vary the terms and condition of the said appointment and /or remuneration as may deem fit and as may be acceptable to Shri Prem Narain Varshney subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the resolution."

8. To consider and if thought fit, to pass with or without modification(s), if any the following resolution as an

Special Resolution:

"RESOLVED THAT the report of Board of Directors of the Company to the shareholders on erosion of more than 50% of the peak net worth of the Company during immediately four financial years as per the duly finalized audited accounts of the Company for the financial year ended 31st March 2014 and the causes for such erosion as required under section 23(1) (ii) of the Sick Industrial Companies (Special Provision) Act, 1985 be and hereby considered and approved."

"RESOLVED FURTHER THAT fact of the above erosion reported to the Board for Industrial and Financial Reconstruction (BIFR) New Delhi by the Board of Directors of the Company or by any other person duly authorized by it in this behalf, in accordance with the provisions of the section 23(1) (i) of the said act, be and is hereby noted."

For Rath Steel And Power Limited

Sd/-

Prem Narain Varshney
(Whole Time Director)
DIN: 00012709

Sd/-

Pradeep Kumar Rath
(Managing Director)
DIN: 00012596

Place: New Delhi
Date: 14 /08 /2014

Notes:-

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of him-self and the proxy need not be a member of the Company. The instrument appointing the proxy should, however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An Explanatory Statement under section 102 of the Companies Act, 2013 is annexed hereto.
3. Members are requested to bring their attendance slip along with their copy of Annual report to the meeting.
4. Members who hold shares in dematerialized form are requested to write their client ID and DP ID and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
5. The Register of Members and Share transfer books of the Company will remain closed from 25th September 2014 to 30th September 2014 (both days inclusive)
6. The members who are interested to avail the nomination facility may obtain the necessary application form from Registrar and Share Transfer agent of the Company.
7. All correspondence relating to the transfer and transmission, sub-division of shares, issue of duplicate share certificate, change of address, dematerialization

of shares, payment of dividend etc. will be attended at the registered office of the Company and shall be processed at the office of the Registrar and Share Transfer agent.

8. The queries, if any, on the accounts should be sent to the Company at its registered office in such a way that the same is received by the company at least 10 days before the Annual General Meeting.
9. Pursuant to the recommendation of SEBI committee on corporate governance about re-appointment of the retiring Directors, the relevant detail of the concerned directors are given in the report on Corporate Governance form part of the Director's Report.
10. In term of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rule, 2014 the Company has engaged the Service of Central Depository Services (India) Limited (CDSL) to provide facility of electronic Voting (e-Voting) in respect of the resolution proposed at this AGM. The Board of Directors of the company has appointed Mr. Ranjeet Verma, a Practicing company secretary, having C.P no. 7463 as the scrutinizer for this purpose.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to the special business mentioned in the accompanying Notice:

Item No. 4

The company has received a notice in writing from member along with the deposit of requisite amount under section 160 of the Act proposing the candidature of Shri S.K. Daga (DIN: 00208058) for the office of the director of the company.

Shri S.K. Daga is not disqualified from being appointed as director in terms of Section 164 of the Act and gives his consent to act as Director.

To comply with the requirement of Clause 49 of the listing agreement, It is proposed to appoint Shri S.K. Daga (DIN: 00208058) as independent director under section 149 of the Act and Clause 49 of the listing agreement to hold office for 5 (five) consecutive years on the Board of the company and he shall not be included in the total number of directors retire by rotation.

Shri S. K. Daga holds Masters Degree in Mechanical Engineering and has more than 26 years of experience in various industries through experience in the field of Finance & Management. It will be in the interest of the company Shri S.K. Daga is appointed as an Independent Director. Copy of draft letter of appointment and other terms & condition is available for inspection by member at the registered office of the company and may also regarded as disclosure under Clause 49 of the Listing Agreement with the Stock exchange.

Save and except Shri S. K. Daga and his relatives, to the extent of their share holding interest if any, in the Company, none of the other Directors/KMP/ their relatives are, in any

way concerned or interested, financially or otherwise, in the resolution set out at Item no.4 of the Notice.

Item No. 5

The company has received a notice in writing from member along with the deposit of requisite amount under section 160 of the Act proposing the candidature of Shri Dwarka Das Lakhotia (DIN: 00012380) for the office of the director of the company.

Shri Dwarka Das Lakhotia is not disqualified from being appointed as director in terms of Section 164 of the Act and gives his consent to act as Director.

To comply with the requirement of Clause 49 of the listing agreement, It is proposed to appoint Shri Dwarka Das Lakhotia (DIN: 00012380) as independent director under section 149 of the Act and Clause 49 of the listing agreement to hold office for 5 (five) consecutive years on the Board of the company and he shall not be included in the total number of directors retire by rotation.

Shri Dwarka Das Lakhotia holds a Master's degree in Commerce from CCS University and has more than 19 years of experience in the field of accounting and marketing. It will be in the interest of the company Shri Dwarka Das Lakhotia is appointed as an Independent Director. Copy of draft letter of appointment and other terms & condition is available for inspection by member at the registered office of the company and may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock exchange.

Save and except Shri Dwarka Das Lakhotia and his relatives, to the extent of their share holding interest if any, in the Company, none of the other Directors/KMP/ their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at Item no.5 of the Notice.

Item No. 6

The tenure of Shri Pradeep Kumar Rathie as Managing Director expired on 31st July 2014 and he is eligible to re-appoint as such. He being eligible and offers himself for re-appointment. Shri Pradeep Kumar Rathie is a promoter Director of the Company and associated with company for last 35 years. He is at the helm the affairs and has a pivotal role in running the affairs of the Company. Hence the Board of Directors of the Company (the Board) at its meeting held on 14th August 2014 has, subject to the approval of members, re-appointed Shri Pradeep Kumar Rathie as Managing Director of the Company for a period of 5(five) years from the expiry of his present term, which expired on 31st July 2014, at the remuneration recommended by Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the member's approval for re-appointment of and remuneration payable to Shri Pradeep Kumar Rathie as Managing Director, in terms of applicable provisions of the Act.

Terms and Conditions

- (1) Salary at the rate of Rs. 240,000 (Rupees Two Lakhs forty thousand only) per month with such annual agreement as may be decided by the Board of Directors and

Remuneration Committee of the Board subject to the limits as specified in the Schedule V of the Companies Act, 2013 and other applicable provision of the Companies Act, 2013;

- (2) The Managing Director shall be entitled to the following perquisites and facilities:

- a. Perquisites and Allowance to him and his family like use of Car with Driver, telephone at residence, reimbursement of medical including hospitalization expenses for self and family.
- b. The company shall reimburse actual entertainment and traveling expenses incurred by the managing director in connection with the company's business.

In the event of inadequacy or absence of profits during the duration, the managing director shall be entitled to the remuneration herein provided but without commission and where applicable the same shall be subject to the approval of the Central Government.

The Board recommends the resolution for your approval. Except Shri Udit Rathie, none of the other Directors/KMP/ their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at Item no.6 of the Notice.

Item no. 7

The tenure of appointment of Shri Prem Narain Varshney Whole time Director of the Company has expired. Shri Prem Narain Varshney, aged 62 years and holds Post Graduate degree and associated with company since 1997. He has more than 36 years of experience in the field of Human Resource Department and has a pivotal role in running the affairs of the Company. Hence the Board of Directors of the Company at its Meeting held on August 14, 2014 reappointed Shri Prem Narain Varshney as a Whole Time Director for a period of Five (5) years with effect from 01/08/2014. The said reappointment is subject to the approval of the shareholders in general meeting at the remuneration recommended by Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the member's approval for re-appointment of and remuneration payable to Shri Prem Narain Varshney, Whole time Director, in terms of applicable provisions of the Act.

Terms and Conditions

1. The basic Salary at the rate of Rs. 15,230/- (Rupees Fifteen thousand Two hundred thirty only) with House Rent Allowance of Rs. 3,500/- (Rupees Three Thousand Five hundred Only) per month with such annual increment as may be decided by the Board of Directors and Remuneration Committee of the Board subject to the limits as specified in the Schedule V of the Companies Act, 2013 and other applicable provision of the Companies Act, 2013;
2. The Whole Time Director shall be entitled to the following perquisites and facilities:
 - a. Perquisites and other Allowance as per Company's rule
 - b. PF, Gratuity and other benefits as per Company's rule.

- c. Notwithstanding anything herein, where in any financial year during the currency of the tenure of office of the Whole time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals being obtained.

The Board recommends the resolution for your approval. Except Shri Prem Narain Varshney, none of the other Directors/KMP/ their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at Item no.7 of the Notice.

Item No. 8

As the member are aware that the accumulated loss of the company as per duly finalized audited accounts as on 31st March 2014 is. Rs. 116.70 Crores which has resulted in erosion of more than 50% of its peak net worth during the immediately preceding four financial years. As such, the provision of the Sick Industrial Companies (Special Provisions) Act, 1985 are applicable to the Company.

Pursuant to the provision of Section 23 of the said act, every company whose accumulated losses have resulted

in erosion of 50% or more of its peak net worth during the immediately preceding four financial years, has to report the fact of such erosion to the Board for Industrial and Financial Reconstruction (BIFR) and hold a general meeting of the Shareholders for considering such erosion within 60 days from the date of finalization of the duly audited accounts of the Company for relevant financial year. Therefore the matter has been conveyed to consider and approve.

None of the Directors is concerned or interested in the said resolution.

For Rathi Steel And Power Limited

Sd/-
Prem Narain Varshney
Whole Time Director
DIN: 00012709

Sd/-
Pradeep Kumar Rathi
Managing Director
DIN: 00012596

Place: New Delhi
Date: 14/08 /2014

REPORT OF THE BOARD OF DIRECTORS OF RATHI STEEL AND POWER LIMITED PURSUANT TO THE PROVISIONS OF SECTION 23(1)(a)(ii) READ WITH SECTION 23(1)(b) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

To

The Members

Rathi Steel And Power Limited

As per duly finalized audited accounts at the end of the financial year as on 31st March 2014 the accumulated losses as on the date amounted to Rs. 116.70 Crores, which eroded the peak net worth of Rs188.29Crores in the preceding four financial years i.e. 31st March 2012 by more than 50%. Under section 23(1) (a) and 23(1) (b) of the Sick industrial Companies (Special Provisions) Act, 1985 the Company is required, within a period of 60 days from the date of finalization of the duly finalized audited accounts of the company for the relevant financial year, to report the facts of such erosion to The Board for Industrial and Financial Reconstruction (BIFR). The Board of Directors of the Company is also required to inform its shareholders the fact of such erosion with cause of such erosion by holding a general meeting of the shareholders of the Company for considering such erosion and hence this report.

REASONS FOR EROSION OF 50% OF PEAK NET WORTH

In the annual report of the last year, primary reasons for erosion of 50% of the peak net worth of the Company were given. Due to severe liquidity crunch and adverse business conditions the plant in Odisha remained virtually in-

operational and there was gross under utilization of capacity in Ghaziabad Plant. While fixed cost remained static, meager revenue from operations which remained at abysmally low levels, was unable to cover the fixed cost. This resulted in loss.

STEP TAKEN FOR REVIVAL OF THE COMPANY

Generally speaking all Steel producers who do not have captive mines of Iron Ore and Coal have been suffering. The management of your company has been mulling various options for revival of the company and deciding on the strategy to turn around the company although everything is not in the hands of the company. One such step in this direction is substitution of iron ore with pellets. There are many pellets plants which are expected to come online in the next 6-12 months. CDR package has been approved and MRA was executed in December 2013. However, there has been delay in release of funds due to procedural reasons and additional compliances stipulated by banks. In any case, banks have since started releasing funds. Efforts are on to scale up production in Ghaziabad unit and restart Odisha unit at the earliest.

Odisha Government has also taken some steps and has allowed restart of mining in some of the mines, which is expected to alleviate the scarcity of raw material.

Further, the problem of low quality raw material and associated yield losses is expected to be resolved with demand-supply parity, improved availability of sized iron ore, and availability of alternative sources of raw material (i.e. pellets) as explained above.

Last but not the least the company is working on cost reduction measures to make its products more competitive.

DIRECTORS' REPORT

The Directors have pleasure in presenting the 43rd Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2014.

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended 31st March 2014	Year ended 31st March 2013
Sales	46553.09	80843.18
EBITDA	(4377.42)	(8038.40)
Interest	4927.90	5320.88
Depreciation	891.68	2207.40
Profit after Tax (PAT)	(7433.67)	(11004.82)
Dividend	NIL	NIL

DIVIDEND

Due to heavy losses, Directors regret their inability to declare any dividend.

CAPITAL

During the year the Company reclassified its Authorized Capital by creating 1,80,00,000 redeemable preference shares of Rs 10.00 each out of the then existing 5,00,00,000 equity shares of Rs 10.00 each. It further increased its Authorized capital by creating 1,50,00,000 redeemable preference shares of Rs 10.00 each, resulting into Authorized capital of Rs 65,00,00,000 divided into 3,20,00,000 equity shares of Rs 10 each amounting to Rs. 32,00,00,000 and 3,30,00,000 redeemable preference shares of Rs 10 each amounting to Rs 33,00,00,000.

During the year the Company issued 3,26,30,000 redeemable preference shares of Rs 10.00 each amounting to Rs 32,63,00,000.

PERFORMANCE REVIEW

The Gross sales for the financial year under review were Rs. 465 crores against Rs.808 Crore for the previous financial year. The operational performance of the Company has been comprehensively covered in the Management Discussion and Analysis report.

FUTURE OUTLOOK :

Domestic steel demand to remain muted during FY2012–17 on account of a weak macroeconomic environment. The demand for longs is expected to increase by 19 million ton (MT) at a CAGR of 9 percent and for flats by 16 MT at a CAGR of 8 percent between FY2012 and FY2017. This is due to relatively weaker growth prospects of flats end-user industries (such as automotive and consumer durables) than those for longs.

The growth in the steel market is expected to be muted in the short term on account of poor growth in core consumer sectors such as infrastructure and construction. The demand

is expected to rebound in the latter half of 2015 with growth in infrastructure as announced in the Twelfth Five-year Plan. Growth in the automobile and consumer durable sectors will also support demand growth in the long term.

The large steel players and new entrants have announced capacity addition of about 71 MTPA till 2017. Regulatory hurdles and land acquisition challenges remain the largest supply-side constraint for the Indian steel market. Mining bans in Karnataka and Goa and delays in the execution of announced capital projects can further constrain supplies.

With a stable Government in Centre and its thrust on infrastructure development, your company reasonably believes that the turbulent conditions during the year under review, which did not allow potential of the operations to be fully realized, will not be a lasting phenomenon.

CORPORATE DEBT RESTRUCTURING:

In the wake of adverse business environment and severe liquidity crunch, your company had applied for restructuring of its debts. We are happy to inform you that the restructuring proposal has since been approved and implemented by the banks.

PUBLIC DEPOSITS:

The Company has not invited any public deposit during the year. There is no overdue / unclaimed deposit.

DIRECTORS':

In terms of Article 116 of the Article of Association of the Company Shri Prem Narain Varshney, Director of the company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. He has confirmed that he has not incurred any disqualification under section 164 of the Companies Act, 2013 and is eligible for reappointment as Director of the Company.

The tenure of Shri Prem Narain Varshney Whole time Director of the Company also expired. It is proposed to reappoint him as Whole Time Director. Shri Prem Narain Varshney, aged 62 years and holds Post Graduate degree and associated with company since 1997. He has more than 36 years of experience in the field of Human Resource Department and has a pivotal role in running the affairs of the Company. The Board of Directors/ Remuneration Committee of the Company at its Meeting held on August 14, 2014 reappointed Shri Prem Narain Varshney as a Whole Time Director for a period of Five (5) years with effect from 01/08/2014. The said reappointment is subject to the approval of the shareholders in general meeting.

Pursuant to section 149 and other applicable provision of the Companies Act, 2013, and as per Clause 49 of the Listing Agreement with stock Exchanges, the Board of Director seeking appointment of Shri S.K Daga and Shri Dwarka Das Lakhotia as Independent director for a term of 5 consecutive years. Details of the proposal for appointment of Shri S.K Daga and Shri Dwarka Das Lakhotia are mentioned in Explanatory statement under section 102 of the Companies Act, 2013.

The tenure of Shri Pradeep Kumar Rathi as Managing Director expired on 31st July 2014 and he is eligible to be reappointed as such. He being eligible and offers himself

for re-appointment. Shri Pradeep Kumar Rath is a promoter Director of the Company and associated with company for last 35 years. He is at the helm of the affairs and has a pivotal role in running the affairs of the Company. Hence the Board of Directors/Remuneration committee of the Company (the Board) at its meeting held on 14th August 2014 has, subject to the approval of members, re-appointed Shri Pradeep Kumar Rath as Managing Director of the Company for a period of 5(five) years from the expiry of his present term.

The Board recommends the re-appointment of aforesaid directors by the shareholders at ensuing AGM.

AUDITORS AND AUDITORS' REPORT:

M/s M.Lal & Co., Chartered Accountants hold office until the conclusion of the ensuing 43rd Annual General Meeting and are eligible for re-appointment. They have confirmed that their appointment, if made, would be in conformity with the limit prescribed under section 141 (3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The notes to the accounts referred to in by the Auditors are self explanatory and therefore do not call for any further comment.

COST AUDITORS:

The Board of Directors had approved the appointments of Messrs R. M. Bansal & Co., Cost Accountants (Kanpur) to conduct the Cost Audit for the year ending on 31st March, 2014.

PARTICULARS OF EMPLOYEE(S):

During the year under review there was no employee falling under the terms of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

As required under the provisions narrated under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 the relevant data is attached and forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of sub section 217(2AA) of the Companies Act, 1956 the Board of Directors confirms:

- (i) That in preparations of the annual accounts for the financial year ended 31.03.2014 the applicable accounting standards had been followed along with proper explanations relating to material departure.
- (ii) That the selected accounting policies were applied consistently and judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2014 and of the profit or loss of the company for the year ended on that date.
- (iii) That proper and sufficient care has been taken for the maintenance of 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.

- (iv) That the annual accounts of your company have been prepared on going concern basis.

LISTING OF SHARES:

The Equity shares of the Company are presently listed with Bombay Stock Exchange Limited. The Company has made a request to de list its shares from Delhi Stock Exchange Limited.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section titled "compliance report on corporate governance" has been included in this Annual Report along with a certificate of compliance from the Auditors and forming part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis Report for the year under review, as per clause 49 of the Listing Agreement with the Stock Exchange is presented in a separate section, forming part of Annual Report.

CHIEF FINANCIAL OFFICER:

As per the provision of section 203 (1) of the Companies Act, 2013 Shri Anil Kumar Gupta has been appointed as Chief Financial officer of the Company.

INDUSTRIAL RELATIONS:

The Company enjoys cordial industrial relations with the employees. The Board wishes to place on record its deep sense of appreciation of the contribution made by all the employees in ensuring high level of performance and growth during the year.

ACKNOWLEDGEMENT:

The Board of Directors take this opportunity to express its gratitude and appreciation to the Banks, Central and State Government Authorities, Regulatory Authorities Stock Exchange and the stake holders for the continued cooperation and assistance extended to the Company.

For Rath Steel And Power Limited

Sd/-
Prem Narain Varshney
Whole Time Director
DIN: 00012709

Sd/-
Pradeep Kumar Rath
Managing Director
DIN: 00012596

Place: New Delhi
Date: 14/08/2014

ANNEXURE TO THE DIRECTORS' REPORT:

INFORMATION AS PER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) REPORT 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2014.

(1) CONSERVATION OF ENERGY:

The Company has taken a number of steps to improve the conservation of energy by optimum utilization of electrical

resources and equipments. Conservation of energy and improving the efficiency of existing resources are continuing process and form an integral part of responsibility of department head.

(A) Energy conservation measure taken:

- (i) All the staff members are strictly instructed to switch off all the lights and equipments after office hours when not in use.
- (ii) Optimization of capacity utilization thus reducing specific consumption of energy.
- (iii) Strict control of quality input for saving electricity consumption.
- (iv) Minimization of handling loss.
- (B) Additional Investment and proposals, if any, being implemented for reduction of consumption of energy. The company is studying the feasibility of adding variable frequency drives for various applications wherever

suitable, to bring down the energy consumption subject to techno-commercial viability of the proposal.

- (C) The impact of above (a) and (b) for reduction of energy consumption and consequent impact on cost of production of goods.
- (D) The per ton power consumption has been under control.

(2) TECHNOLOGY ABSORPTION:

Efforts made in technology absorption is as per form B annexed.

(3) Foreign Exchange Earning and Outgo:

- (a) Activities relating to exports: initiatives taken to increase export, development of new export market for products and services and export plan.
- (b) Total foreign exchange used and earned

	2013-14	2012-13
	Amount (Rs.)	Amount (Rs.)
Used	Nil	44,04,50,284
Earned	Nil	Nil

FORM A

S. No.	PARTICULARS		
A.	Power and Fuel Consumption	Current Year	Previous year
1.	ELECTRICITY		
	<u>Ghaziabad Unit</u>		
	(a) Purchase Units		
	(i) Rolling Mill Unit (A-3)	10714690	15989878
	(ii) SMS Unit (C-4)	13396086	19412605
	(b) Total Amount (In Rs.)		
	(i) Rolling Mill Unit (A-3)	94748433	98209476
	(ii) SMS Unit (C-4)	104453859	109754462
	(c) Rate / Unit		
	(i) Rolling Mill Unit (A-3)	8.84	6.14
	(ii) SMS Unit (C-4)	7.80	5.65
	Odisha Unit		
	(a) Purchase Units (KWH)	872730	3103357
	(b) Total Amount (In Rs.)	8519092	28682900
	(c) Rate / Unit	9.76	9.24
	Own Generation	-	51785000
2.	GAS & FUELS		
	(a) Natural Gas / Furnace Oil (SCM / Litre)	3447948	5229671
	(b) Natural Gas Rs./ SCM	34.48	31.86
	(c) FO Rs. / Liter		53.74
3.	OTHER GENERATION	NIL	NIL
B.	CONSUMPTION PER MT OF PRODUCTION		
	<u>Ghaziabad Unit</u>		
	Electricity (in unit)		
	(i) Rolling Mill Unit (A-3)	169 per MT	157.00 per MT
	(ii) SMS Unit (C-4)	577 per MT	493.86 per MT
	Natural Gas / FO (SCM / Litre)	34.48	51.35
	Orissa Unit		
	Electricity (KWH) per ton Brillet	1049	996.31

Note: Previous year figures have been regrouped / rearranged wherever necessary.

FORM –B

Disclosure of Particulars with Respect to Technology Absorption

A. Research and Development

The Company is doing in house R&D activities to improve operational efficiencies and yield of its products.

B. Technology Absorption Adaptation & Innovation

((1) Efforts in brief, made towards technology absorption and innovation. - The company has always tried to adopt the best and latest technologies to manufacture its products. It is due to this very reason that over the years the company has witnessed very positive response and quick adaptation of the various products and grades of steel that have been manufactured from time to time. For instance, the company was amongst the first in the country to adopt the TOR® technology in the 1970s and was again amongst the first to make a quick transformation to THERMEX® technology for manufacturing TMT bars at its Ghaziabad plant.

In the area of special steel as well, the company has installed the most modern and suitable technology for manufacturing of high quality stainless steel products in the steel melting shop at Ghaziabad and has also installed the most modern mono-block to finish superior quality of wire rods.

In addition to the above, the company has also continuously upgraded and modernized the rolling mills to adhere to the international standards.

For the Odisha plant, the company has tied-up with the best technology and equipment suppliers who have provided the

best know-how and most modern and reliable equipments for manufacturing sponge iron, power for captive use and steel billets.

(2)Benefit derived as a result of the above efforts. e. g. product improvement, cost reduction, product development, import substitution etc.- Technology has helped in product improvement.

(3) Information relating to Imported Technology – NIL

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT.

This is to confirm that the Board has laid down a code of conduct for its Board members and senior Management. This code is available on the Company's website. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company for the financial year ended March 31, 2014 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchange.

For Rathi Steel And Power Limited

Sd/-
Prem Narain Varshney
Whole Time Director
DIN: 00012709

Sd/-
Pradeep Kumar Rathi
Managing Director
DIN: 00012596

Place: New Delhi
Date: 14/08/2014

TO WHOM IT MAY CONCERN

(Certificate from statutory Auditors on compliance of conditions of Corporate Governance)

The members

Rathi Steel And Power Limited

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended 31st March 2014 with the relevant records and documents maintained by the Company furnished to us for our review and the report on corporate governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is neither an audit nor an expression of opinion on the financial statement of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion the company has complied in all material respect with the conditions of corporate governance as stipulated in clause 49 of the Listing agreement with the stock exchange and no investor grievance(s) is / are pending for a period exceeding one month against the company as per records maintained by the shareholders / investor grievances committee.

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

For **M. Lal & Co.**
Chartered Accountants

Sd/-

Place: New Delhi

M. L. Agarwal

Date: 14-08-2014

M. No. 11148

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2013-14 (IN ACCORDANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT ENTERED INTO WITH STOCK EXCHANGE)

Corporate governance is commonly referred to as a system by which organization are directed and controlled. It is the process by which company objective are established achieved and monitored. Corporate Governance is a reflection of the Company's culture, policies, relationship with stakeholders, commitment to values and ethical business conduct.

1. Company's Corporate Governance Philosophy

Rathi Steel and Power Limited's philosophy on corporate governance envisages working towards the highest levels of transparency, accountability, consistent value system, delegation across all facets of its operations leading to sharply focused and operationally effect growth. The business operations are conducted to benefit it's all stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

The Company is in compliance with the requirement

of the revised guidelines on Corporate Governance stipulated under clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited (BSE).

2. (A) Board of Directors

Composition and category of Directors (as on 31st March 2014)

The Company has a Managing Director and the number of Independent Directors is equal to 50% of the total number of Directors. As on 31st March 2014 the Company has 4 Directors on its Board, of which 2 Directors are independent. The number of Non-executive Directors is equal to 50% of the total number of Directors. The Company is in compliance with the recent amendment / development of Clause 49 of the Listing Agreement pertaining to composition of Board of Directors.

The name and categories of the Directors on the Board along with their directorship held in other bodies corporate are as follows:

Director's Name	Designation	Category	Directorship		No. of Committees	
			Public	Private	Member	Chairman
ShriPradeep Kumar Rathi	Managing Director	Executive and Non Independent	01	01	1	Nil
Shri Prem Narain Varshney	Whole Time Director	Executive and Non Independent	1	Nil	2	Nil
Shri S K Daga	Director	Non Executive and Independent	01	Nil	3	3
ShriDwarka Das Lakhotia	Director	Non Executive and Independent	Nil	Nil	3	Nil

(b) Information in case of appointment or re-appointment as required under listing agreement is given as under:

Shri Prem Narain Varshney, aged 62 years and holds Post- Graduate degree. He has more than 36 years of experience in the field of Human resource department. He has been on our board of Directors since 1997 as a executive Director.

Shri S. K. Daga holds Masters Degree in Mechanical Engineering and has more than 26 years of experience in various industries having experience in the field of Finance & Management. He has been on our Board of Directors since March 2003 as a Non Executive Director.

Shri Dwarka Das Lakhotia holds a Master's degree in Commerce from CCS University and has more than 19 years of experience in the field of accounting and marketing. He has been on our Board of Directors as a Non Executive Director since March 2003.

Mr. Pradeep Kumar Rathi, Managing Director, has a career spanning about 35 years in the fields of production planning, procurement, finance, etc in the Iron and Steel Industry. He holds a degree in Commerce from Delhi University. He monitors the day to day affairs of the Company. His expertise lies in the overall mangment of

the company. He has been on our Board of Directors since August 27, 1994.

(C) Details of Board Meeting held during the financial year 2013-14

9 (Nine) Board meeting were held during the financial year 2013-14 and the gap between two Board meeting did not exceeds four months. The date on which the Board meeting were held as follows:

28th June 2013, 04th September 2013, 27thSeptember 2013, 04th October 2013, 15th November 2013, 10th December 2013, 07th January 2014, 15th February 2014 and 31st March 2014. Eight Meetings were held at the registered office of the Company and last meeting held at A-3 South of G.T. Road Ghaziabad (U.P.) 201009.

(d) Detail of attendance of Directors at Board Meeting and at the Annual General Meeting held during the year:

The last (42nd) Annual General Meeting was held on 30th September 2013. The attendance at Board Meeting during the year and at the 42ndAnnual General Meeting was as follows:

Name of Director's	No of Board Meeting held	No of Meeting attended	Last AGM Attended
Shri Pradeep Kumar Rath	9	9	yes
Shri P. N. Varshney	9	9	Yes
Shri D.D. Lakhotia	9	8	No
Shri S. K. Daga	9	8	No

3. AUDIT COMMITTEE:

The Audit Committee comprises of Independent Directors in compliance of clause 49 II (A) of the Listing Agreement. Shri

Shree Kumar Daga is the chairman of the committee. The Chief financial officer and finance head along with statutory Auditors are invitees to the meeting. The Company Secretary acts as the secretary of the Audit Committee.

Date of Meeting	04-09-2013	15-11-2013	15-02-2014
Shri Shree Kumar Daga	Yes	Yes	No
Shri Dwarka Das Lakhotia	Yes	Yes	Yes
Shri Prem Narain Varshney	Yes	Yes	Yes

4. Remuneration Committee:

The Remuneration committee comprise of Independent Director in compliance of Clause 49(IVE) of the Listing Agreement. Shris. K. Daga is the Chairman of the Committee and Shri Dwarka Das Lakhotia and Shri Prem Narain Varshney are the other member of the Committee. The term of reference of this committee cover the matters specified for Remuneration Committee under Clause 49 of the Listing Agreement.

Shri Shree Kumar Daga

Nil

6. Investor's Grievances Redressal Committee

The Company's Registrar and Share Transfer agent handle the investor's grievances in consultation with secretarial department of the Company. The Registrar has adequate skilled staff with potential qualification and advance computer system for speedy redressal of the Investor's grievances. The total process of settlement of the complaint right from its receipt to disposal is fully computerized to ensure timely settlement. It normally takes 15 days from the date of receipt of the complaint for disposal of investor grievances. Nevertheless the Company has constituted an investor grievances committee in accordance with the requirement of Clause 49 of the listing agreement for attending the investor's complaints pertaining to transfer / transmission of shares, dividend enquiry and any other related matter. Shri Shree Kumar Daga is the Chairman of the committee. Shri Pradeep Kumar Rath and Shri Dwarka Das Lakhotia are the other member of the committee.

5. Details of remuneration of Whole Time Directors:

(a)

(Amount in Rs.)

Shri Pradeep Kumar Rath	21,60,000.00
Shri Prem Narain Varshney	2,14,320.00

(b) Period of contract

Shri Pradeep Kumar Rath	5 years from 01-08-2014
Shri Perm Narain Varshney	5 years from 01-08-2014

(c) Detail of Director's Share holding

Name	No. of Shares
Shri Pradeep Kumar Rath	7504988
Shri Prem Narain Varshney	Nil
Shri Dwarka Das Lakhotia	Nil

7. Status of complaints for the period 01st April 2013 to 31st March 2014

Number of complaints- opening Balance	Nil
Complaints received during the year	05
Complaints resolved during the year	05
Pending at the end of the year	Nil

8. DETAIL OF AGM / EGM OF THE COMPANY

Date	AGM / EGM	Place of Meeting	Time
30th Sep 2011	40th AGM	Pyarelal Bhawan, 2 Bahadurshah Zafar Marg, Near ITO New Delhi- 110002	03.00 p.m.
29th Sep 2012	41st AGM	Little Theatre Group, Next to Kamani Auditorium Copernicus Marg New Delhi- 110001	10.00 a.m.
30th Sep 2013	42nd AGM	KDM Hotels and Resorts Pvt. LTD. (bulbul) A-4 Mohan Cooperative Industrial Estates Mathura Road New Delhi- 110044	10.00 a.m.
10th Feb. 2014	EGM	A-3, South of G.T. Road Ghaziabad Uttar Pradesh -201009	10.00 a.m.

Detail of special Resolution passed in the above referred meeting as under:

AGM held on 30th Sep 2011	Revision in remuneration of CEO Revision in remuneration of CE Appointment of Directors Relative at office / Place of Profit Amendment in Articles of Association
AGM held on 29th Sep 2012	No Special Resolution was passed.
AGM held on 30th Sep 2013	Special Resolution passed under section 23 of Sick Industries Companies (special provisions) Act 1958
EGM held on 10th Feb 2014	Alteration in articles of association of the company to enable reclassification of shares. Reclassification of Authorised Share Capital and alteration of the memorandum of association of the Company. Alteration of Clause3 (i) of Article of Association Increase in Authorized Share Capital Issue of redeemable preferential shares

During the year under review, the Company did not pass any resolution by way of postal ballot. In the ensuing AGM resolutions will be passed through evoting / ballot under the provisions of the Companies Act 2013.

9. Disclosures

Neither any non compliance with any of the legal provisions of law been made by the Company nor any penalty or stricture imposed by the stock exchange or SEBI or any other statutory authority on any matter related to the capital market during the last 3 years. The employees of the Company are accessible to the senior management for any counseling or consultation and the company has not denied any employee access to the Audit Committee. All the mandatory requirement of Clause 49 is being complied with. Related party transactions have been disclosed in Notes on Accounts in the Financial Statements of the Company.

10. Means of communication

The Annual, Half Yearly and Quarterly results are communicated to Stock Exchange, where the Company's share are listed, immediately after the same are taken on record / approved by the Board. Further the results are also published in newspapers which include "The Pioneer" (English) and "The Veer Arjun" (Hindi). Financial results are supplied through e-mail and mail to shareholders on demand. The results are also placed on the website of Mumbai Stock Exchange Limited at www.bseindia.com. As per clause 54 of the Listing Agreement, the information regarding shareholders can be downloaded / retrieved from <http://www.rathisteelandpower.com>

Whether management discussion and analysis form part of Annual Report or not: yes

11. GENERAL SHAREHOLDERS INFORMATION

(a) Annual General Meeting

The 43rd Annual General Meeting is scheduled to be held at KDM Hotels & Resorts Private Limited (BULBUL) A-4, Mohan Cooperative Industrial Estates Mathura Road New Delhi – 110044 on 30th September 2014 at 10.00 a.m.

b) Financial Calendar year for 2014-15 (Tentative)

Financial Year ending	31st March 2015
First Quarter Results	on or before 14th Aug 2014
Second Quarter Results	on or before 14th Nov 2014
Third Quarter Results	on or before 14th Feb 2015
Fourth Quarter Results	on or before 15th May 2015

(C) Book Closure Date:

From 25th September 2014 to 30th September 2014 (both days inclusive)

(D) Dividend:

Due to heavy loss, the company has no surplus to distribute.

(E) Listing of Securities

12. CEO AND CFO CERTIFICATION

Certificate from the CEO and the CFO as required under clause 49V of the Listing agreement with Bombay Stock Exchange has been obtained and placed before the Board of Directors.

13. Stock Price data monthly High and Low Price at BSE for the year 2013-14.

Month & Year	High / Rs.	Low / Rs.	Volume (Shares)	Volume (Trades)
April 13	4.73	3.45	88127	233
May 13	4.5	3.25	37321	91
June 13	5.15	3	23867	61
July 13	3.81	2.46	15730	68
Aug 13	2.5	2.05	13954	42
Sep 13	2.7	1.95	25687	41
Oct 13	3.09	2.58	16768	41
Nov 13	2.7	2.36	18737	29
Dec 13	3.15	2.2	14093	45
Jan 14	3.5	2.55	28964	99
Feb 14	4	3.07	319086	90
Mar 14	3.75	2.9	18649	55

14. Distribution of Shareholding as at 31st March 2014.

Category (In Value)	No. of Shares	%	No. of Share Holders	% of total Share holders
01-5000	1867729	5.966	11704	80.623
5001-10000	1243911	5.966	1530	10.539
10001-20000	1042058	3.328	677	4.663
20001-30000	503246	1.607	196	1.350
30001-40000	324347	1.036	90	0.620
40001-50000	389740	1.245	83	0.572
50001-100000	848690	2.711	116	0.799
100001 and above	25088390	80.134	121	0.834

15. Shareholding pattern as on 31st March 2014

Description	No. of Shares	Percentage
Promoters	16112914	51.466
Mutual Fund	686913	2.194
Financial Institution / Banks	2185127	6.979
Foreign Institutional Investors	0	0
Bodied Corporate	2181588	6.968
Individual	9667743	30.879
NRI	337463	1.078
Clearing Members	136363	0.436
Total	31308111	100

16. Share Transfer System:

Share transfer are registered and returned within the stipulated period if the documents are complete in all respects.

17. Dematerialization of Equity Shares:

As at 31st March 2014, 98.15 % equity capital was held in Electronic form with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). Normally request for dematerialization of shares are processed and confirmed within 21 days of receipt to NSDL and CDSL.

18. Plant Locations:

Works	Address
(Ghaziabad)	A-3, Industrial Area, Ghaziabad (U.P.) 201009
(Odisha)	Vill. Potapalli and Sikirdi Dist. Sambalpur Odisha

19. Address for correspondence

Rathi Steel and Power Limited (Secretarial Department)

Chauhan Market, Madanpur Khadar,
Near Local Shopping Complex,
Pocket –D & E, Sarita Vihar
New Delhi- 110076
Email: investors@rathisteelandpower.com

Registrar and Share Transfer Agent:

Mas Services Limited (Unit Rathi Steel)
T-34, Second Floor
Okhla Ind. Area, Phase-II
New Delhi- 110020
Ph: 011-26387281-82-83
Fax No. 011-26387384
Email: info@masserv.com

20. Investors contact

Compliance Officer Email ID: investors@rathisteelandpower.com

DECLARATION BY THE CHAIRMAN UNDER CLAUSE 49(1D) OF THE LISTING AGREEMENT

I hereby confirm that all Board members and senior management personnel of the company have affirmed compliance with code of conduct and Senior Management as approved by the Board, for the financial year ended March 31, 2014.

Sd/-

Place: New Delhi
Date: 14-08-2014

Pradeep Kumar Rathi
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD LOOKING STATEMENTS

This report contain forward looking statement which may be identified by their use of words like plans, expects, will, anticipates, believes, intends, projects estimates or other words or similar meaning. All statements that address expectations or projections about the future including but not limited to statement about the company's strategy for growth product development, market position expenditure and financial results are forward looking statement. Forward looking statement is based on certain assumption and expectation of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend modify or revise any forward looking statement on the basis of any subsequent developments, information or events.

BUSINESS REVIEW AND OUTLOOK:

Steel can be rightly termed the basic building block of modern society given its usage in almost every sphere -- ranging from buildings, vehicles, machines or even a tin can that preserves food. The industry's fortunes are dependent on the growth of its user industries, namely, automobiles, consumer durables and infrastructure. The volume of steel consumed has thus been the barometer for measuring development and economic progress.

Increasing modernization in the 21st century has led to a doubling of global steel production from 851 Mt (million tons) at the turn of the century to 1,607 Mt in 2013. The size notwithstanding, the industry remains relatively fragmented. It is also highly cyclical and intensely competitive.

In the past two years, the continuing Euro-zone problem, economic stagnation or slow growth in developed economies and a cooling of emerging economies took a toll on the industry. Growth in the Chinese economy, which in recent years has been one of the main demand drivers for steel, slowed down. Overcapacity has also been a perennial problem. Stiff competition in the United States from cheaper imports and from domestic producers with new or expanded facilities continues to result in significant oversupply of steel compared to demand.

However, as urban population increases worldwide, so will the need for steel to build skyscrapers and public-transport infrastructure. Emerging economies will also continue to be a major driver of demand due to the huge amount of steel required for urbanization and industrialization. The demand for steel is thus expected to remain strong in the years to come.

World crude steel production was 1,607 Mt in 2013, reflecting a 3.5% annual climb, led by increase in Asia and the Middle East that helped counter the declines elsewhere. China was once again the leading producer of steel, contributing a record 48.6% of the global output at 779 Mt, a 7.5% annual rise. Production in Japan, the second largest producer, increased 3% year over year to 111 Mt.

The United States held the third spot, producing 87 Mt of crude steel, which declined 2% annually. India commanded

the fourth position with a production of 81 Mt, up 5% year over year. Production in Europe declined 1.8% year over year to 165.6 Mt of crude steel in 2013. Even though production in Europe declined in for the full year, the fourth quarter registered the first positive year-over-year movement since the fourth quarter of 2011.

The average capacity utilization ratio in 2013 was 78% compared with 76% in 2012. Despite the global rise in supply in 2013, total capacity utilization remained stubbornly below the 80% level throughout the year. Global steelmaking capacity will continue to exceed demand growth with excess capacity.

Backed by expected higher economic growth, the steel demand in India is all set to increase by 3 to 5 per cent in the next financial year although margin pressure would continue due to high production costs and limited scope to pass the same to the consumers.

Better GDP growth of 5.6 per cent in 2014-15 on the back of a revival in industry growth would lead to better steel demand growth next fiscal. It would be in the range of 3-5 per cent, but not above 5 per cent.

According to the India Ratings report, India's steel consumption grew 0.5 per cent during the April-December period of this financial year to 53.78 million tonnes. However, the report maintained the negative outlook for the steel sector for the next financial year due to its weak credit profile.

India currently has about 95 million tonnes of installed steel capacity and 13-15 million tonnes is expected to be added within 2014-15. "Margins of steel producers would continue to be under pressure, given the high cost of production and their limited ability to pass on hikes in costs. The availability of iron ore should improve, limiting hike in costs. Coking coal prices will also range between \$160-175 a tonne.

India Rating expects the credit profile of steel makers to remain weak next fiscal due to their large debt for working capital and capex coupled with modest EBITDA (earnings before interest, taxes, depreciation, and amortisation) margins. Steel makers margins have consistently contracted since 2010-11.

OPPORTUNITIES AND THREATS:

OPPORTUNITIES

In line with GDP growth, Indian steel demand has good opportunities to grow across sectors in the mid- to long term. The rapid rise in production over the last few years has resulted in India becoming the fourth largest producer of crude steel and the largest producer of sponge iron or direct-reduced iron (DRI) in the world. The country has the opportunity of becoming the second largest producer of steel by 2015, and per capita consumption of steel in India, which is only 55kg (2011) significantly lower than global averages suggests potential to close the gap in future. Some of the primary levers of demand growth are summarized below:

Rural demand is picking up currently, per capita rural consumption in India stands at around 13kg. This is significantly lower than urban per capita consumption. Projects like Bharat Nirman and Rajiv Gandhi Awaas Yojana have led to increased demand for construction steel like thermo-mechanically treated (TMT) bars and galvanized

plain and corrugated (GP/GC) sheets, but there remains a significant opportunity to grow rural steel demand by widening the distribution network and by providing customized solutions catering to the needs of 70% of the population.

The 11th FYP (FY07–12) registered a road investment worth US\$66b, which is a rise of more than 100% in comparison to the 10th FYP (FY02–07). Going further, an investment worth US\$132 Billion has been planned for the 12th FYP. The government has launched many road investment programs, namely the National Highways Development Project (NHDP) and Pradhan Mantri Gram Sadak Yojana (PMGSY), to increase the connectivity of roads to ports and plant sites.

CHALLENGES:

Coal Block allocated to your company was deallocated early this year. The company challenged the decision of the Government (Ministry of Coal) and has got the deallocation stayed by the Court. Although the management is hopeful of winning the case, much will depend on the view that may be taken by Hon'ble supreme Court in the ongoing PIL regarding alleged irregularities in allocations made after 1992.

The position of availability of quality iron ore at viable prices continue to remain a challenge as Government of Odisha has not yet renewed the mining lease of most of the mines that has led to shortage of iron ore and sending the prices up and unviable.

Margin of steel producers who do not have captive iron ore and coal mines, continue to remain under pressure as price of finished goods are determined by the steel producers who have coal and iron ore mines. Cost of these materials to them is far lower than the market price. Government has to step in to create a level playing field.

Slowing GDP growth and concerns around economic policy-making have affected overall investment in infrastructure and steel projects. Indeed, most of the steel MOUs signed in prior years remain as plans, with projects not started due to delays on environmental and forest clearance, land acquisition, mining leases and other regulatory issues. Land acquisition and environment regulations Setting up a steel plant requires vast tracts of land. For example, POSCO's proposed steel mill in Odisha would require around 1,600 hectares, and Arcelor Mittal's proposed plant in Karnataka would require around 2,800 hectares. Acquiring these vast tracts of land for setting up mega-plants, particularly in a populous country like India, has remained a challenge with steelmakers. Major Greenfield steel projects such as those of POSCO, ArcelorMittal and Tata Steel have been delayed for a number of years, primarily due to land acquisition issues. Rules to calculate adequate compensation to the landowners have been unclear. Additionally, the number of approvals like environmental and forest clearances required from the authorities has made land acquisition and setting up projects the top issues in building up large new capacity.

OUTLOOK:

Your Company's end products are stainless steel and MS re-bars. Re-bars find its application in construction sector. We foresee a reasonable growth in infrastructure and construction sector. As regards abnormal high cost of Iron ore, representations are being made to Government at

various quarters through association of steel manufacturers etc. Stainless steel is finding innovative applications due to its corrosion resistive property. We see fairly good potential for stainless steel in the coming future. The Company is making efforts in the direction of increasing share of stainless steel products in its overall product mix which has better margins and growth potential.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

In the past year Company operated in a challenging environment leading to margin compression and negative growth. As reported already that due to heavy losses last year, the company suffered severe liquidity crunch and approached CDR Cell for restructuring of debt. Due to liquidity crunch Odisha plant was closed for virtually whole of the year and Ghaziabad plant was operated at sub optimal capacity. This had a cascading effect on entire operations of the Company. Sales for the financial year under review down to Rs. 465.53 crores from Rs. 808.43 crores for the previous financial year registering a slowdown of 42.42%. EBITDA stood at Rs. (43.77) crores for the financial year under review as against Rs. (80.38) crores for the previous financial year.

FUTURE PLANS:

The Corporate Debt Restructuring (CDR) cell has approved the financial restructuring of the Company. The revival of operations at Odisha and Ghaziabad are being planned. In fact Operations in Ghaziabad unit have been ramped up. It is expected that with the thrust of new Government on infrastructure development, the Company will turnaround. However, for Odisha unit the Government has to come out with clear policy on mining and availability of key raw materials at a viable price in near term. The proposed Rolling Mill with hot charging in Odisha is expected to ensure reasonable viability.

ENVIRONMENT PROTECTION:

In Ghaziabad your company has revamped the entire pollution control system by installing a new Fume Extraction System with the latest available technology suitable to our requirement. It will help not only in adhering to the environmental norms but will bring down the emission levels drastically.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES INDUSTRIAL RELATION FRONT

Increase in value of Human Capital through development of individual and collective skill and knowledge is essential for any company for its continuous growth. Your company implements in-house programs for skill development and updating of competency of its employees on a continuous basis.

Your Company lays due emphasis on sound human resources management practices and appraisal system with focus on cordial employee relations and building a motivated work force, which can participate constructively in the growth of the Company. The Company continues to focus on the safety, Health, Training and Development of the Employee.

STATUTORY COMPLIANCE

A declaration regarding compliance with the provisions of

the various statutes is being made at every meeting of the Board of Directors. The Company Secretary, as compliance Officer ensures compliance with the SEBI regulations and provisions of the Listing Agreement.

INDUSTRIAL RELATIONS

The Industrial relations in the Company with the workers at all levels are cordial and are expected to remain cordial in future as well. The Management acknowledges the contribution of all employees in maintaining cordial relations.

CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statement within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors could make a difference to the Company's operations include economic conditions in the domestic market in which the Company operates changes in the Government regulations, tax laws and other statutes and other incidental factors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RATHI STEEL AND POWER LIMITED Report on the Financial Statements

We have audited the accompanying financial statements of **M/s RATHI STEEL AND POWER LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Profit and Loss, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 (herein referred to as "the Order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956. We further report that:-

1. In respect of fixed assets:

- a) The company has been maintaining details showing full particulars, including quantitative details of fixed assets.
- b) We have been informed that physical verification of fixed assets has been conducted by the management at reasonable intervals and no material discrepancies have been noticed by them.
- c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

2. In respect of inventories:

- a) According to the information and explanations given to us, the physical verification has been conducted at reasonable intervals by the management of the stock of stores. The physical verification of finished goods (excluding stocks lying with third parties) and raw material has been done on estimation basis, from time to time, due to the nature of the business and the cost involved and no discrepancies have been found. In respect of goods inventory lying with third parties, these have substantially been confirmed by them.
 - b) In our opinion, the procedures of physical verification of stocks followed by the management, is commensurate with the size of the company and nature of its business.
 - c) Having regard to the size of operations, no material discrepancies have been noticed on physical verification as compared to books of account and minor discrepancies found, have been properly dealt with in the books of account.
3. The company has not taken or granted loans from/to parties listed in the register maintained under Section 301 of the Companies Act, 1956 and from the Companies under the same management as defined under sub-section (1b) of Section 370 of the Companies Act, 1956. Therefore the provisions of clause (iii) of paragraph 4 of the Order are not applicable to the Company.
 4. In our opinion and according to information and explanation given to us, the internal control procedures needs to be strengthened in order to be commensurate with the size of the company and the nature of its business.
 5. According to the information and explanations given to us, the company has not entered into contract or arrangement for purchase and sale of goods and materials with parties entered in the registers maintained under Section 301. Therefore the provisions of clause (v) of paragraph 4 of the Order are not applicable to the Company.
 6. The Company has not accepted any deposits from public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under. Therefore the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the Company.
 7. The company has an internal audit system, which, in our opinion, needs to be further strengthened and requires to cover more areas looking after the size of the company and the nature of its business.
 8. We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete
 9. According to the information and explanations given to us in respect of statutory and other dues:
 - a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance contributions, Income Tax, Sales tax/VAT, Wealth Tax, Service Tax, Custom duty ,Cess and any other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed statutory dues payable for a period more than six months from the date they became payable as at 31.03.2014 except the sales tax/VAT liability/Entry Tax amounting to Rs.7.06 crores.
 - b) According to the books and records as produced and explanation given to us, there are no un-stayed disputed statutory dues.
10. The accumulated losses of the Company at the end of the year are more than 50% of its net worth. The Company has incurred cash losses during the year covered by report as well as cash losses in the immediately preceding financial year.
 11. According to the records of the Company examined by us and the information and explanations given to us and in view of the fact the approved CDR Scheme has since been implemented and installments of TL/WCTL/FITL under moratorium and as such the Company has not defaulted in repayment of dues to any banks/Financial Institutions as at the balance sheet date.
 12. According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion, the company is not a chit fund, nidhi or a mutual benefit fund / society. Therefore the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
 14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures, except in long term investments in shares and has been held by the company in its own name.
 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, the term loans were applied for the purpose for which they were obtained.
 17. According to the information and explanations given to us, no funds raised on short-term basis have been used for long term investment. Similarly, no funds raised on long-term basis have been used for short term investment.
 18. The company has made preferential allotment of preference shares during the year.
 19. The company has not issued any debentures during the year.
 20. The company has not raised any money by way of public issue during the year.

21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing standards in India and as per the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year on or by the company.

For **M. LAL & CO.**
Chartered Accountants

Place: New Delhi
Dated :30.05.2014

Sd/-
M. L. AGRAWAL
M. No.: 11148

RATHI STEEL AND POWER LTD.

BALANCE SHEET AS AT 31.03.2014

(Amount in Rs.)

PARTICULARS	Note No.	AS AT 31.03.2014	AS AT 31.03.2013
I. Equity and Liabilities			
<u>1. Shareholders' Funds</u>			
Share Capital	1	639,381,110	313,081,110
Reserves And Surplus	2	(254,986,435)	488,380,631
<u>2. Non-Current Liabilities</u>			
Long-Term Borrowings	3	3,956,829,205	1,432,510,973
Deferred Tax Liability		-	-
Other Long Term Liabilities	4	376,356,651	341,531,928
Long Term Provisions	5	20,117,677	20,156,144
<u>3. Current Liabilities</u>			
Short-Term Borrowings	6	867,985,633	1,734,406,276
Trade Payables	7	99,102,051	806,652,662
Other Current Liabilities	8	383,490,395	677,208,819
Short-Term Provisions	9	3,388,317	3,562,967
Total Equity & Liabilities		6,091,664,604	5,817,491,510
II. Assets			
<u>(1) Non-Current Assets</u>			
Fixed Assets			
Tangible Fixed Assets	10	3,191,084,988	3,242,755,448
Capital WIP		74,469,056	85,710,984
		3,265,554,044	3,328,466,432
Defferred Tax Assets		729,096,639	452,765,314
Non-Current Investments	11	1,570,997	7,320,997
Long Term Loans And Advances	12	36,272,159	34,432,691
Other Non-Current Assets	13	27,646,724	68,696,903
<u>(2) Current Assets</u>			
Inventories	14	486,463,773	440,855,786
Trade Receivables	15	1,145,245,738	1,223,134,757
Cash And Cash Equivalents	16	37,913,248	67,630,591
Short-Term Loans And Advances	17	353,474,826	177,337,686
Other Current Assets	18	8,426,456	16,850,353
Total Assets		6,091,664,604	5,817,491,510

The accompanying Notes are an integral part of the financial statements

As per our Report of even date
For M. LAL & CO.
Chartered Accountants

P.N.Varshney
Whole Time Director
DIN: 00012709

Pradeep Kumar Rathi
Managing Director
DIN: 00012596

Loveleena Ahuja
Company Secretary

M. L. AGRAWAL
M. No. 11148

PLACE : NEW DELHI
DATED : 30.05.2014

RATHI STEEL AND POWER LTD.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31.03.2014

(Amount in Rs.)

Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
Revenues			
Revenue From Operations	19	4,655,309,243	8,084,318,063
Other Income	20	17,433,571	29,145,197
Total Revenue		4,672,742,814	8,113,463,260
Expenses:			
Cost Of Materials Consumed	21	4,635,980,500	7,394,677,511
Changes In Inventories Of Finished Goods, Work-In-Progress And Stock-In-Trade	22	(165,894,515)	524,899,626
Employee Benefit Expenses	23	62,798,108	118,504,657
Financial Costs	24	492,789,577	561,705,935
Depreciation And Amortization Expense		89,168,018	220,739,875
Other Expenses	25	577,600,758	849,603,115
Total Expenses		5,692,442,446	9,670,130,719
Profit/(Loss) Before Exceptional And Extraordinary Items And Tax		(1,019,699,632)	(1,556,667,459)
Exceptional Items		1,241	-
Profit/(Loss) Before Extraordinary Items And Tax		(1,019,698,391)	(1,556,667,459)
Extraordinary Items		-	-
Profit/(Loss) Before Tax		(1,019,698,391)	(1,556,667,459)
Tax Expense:			
(1) Current Tax		-	-
(2) Tax for earlier years		-	(134,095)
(3) MAT Credit entitlement		-	-
(4) Deferred Tax		(276,331,325)	(456,050,611)
(Loss)/Profit From The Year From Continuing Operations		(743,367,066)	(1,100,482,753)
(Loss)/Profit For The Year		(743,367,066)	(1,100,482,753)
Earnings per share(of Rs.10/- each)			
(a) Basic		(23.74)	(35.15)
(b) Diluted		(23.74)	(35.15)

The accompanying Notes are an integral part of the financial statements

As per our Report of even date
For M. LAL & CO.
Chartered Accountants

P.N.Varshney
Whole Time Director
DIN: 00012709

Pradeep Kumar Rathi
Managing Director
DIN: 00012596

Loveleena Ahuja
Company Secretary

M. L. AGRAWAL
M. No. 11148

PLACE : NEW DELHI
DATED :30.05.2014

RATHI STEEL AND POWER LTD.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs.)

Note 1 : Share Capital:		As at 31 March 2014	As at 31 March 2013
Authorised			
32000000(50000000) Equity Shares of Rs.10/- each		320,000,000	500,000,000
33000000(Nil) Redeemable Preference Shares of Rs.10/- each		330,000,000	-
		650,000,000	500,000,000
Issued, Subscribed and Paid-up			
31308111(31308111) Equity Shares of Rs.10/- each		313,081,110	313,081,110
32630000(Nil) Redeemable Preference Shares of Rs.10/- each		326,300,000	-
Total		639,381,110	313,081,110

(a) Reconciliation of Number of Equity Shares

Shares Outstanding as at 1st April 2013/ 1st April 2012	31,308,111	31,308,111
Add: Issued during the year	-	-
Shares Outstanding as at 31st March 2014/ 31st March 2013	31,308,111	31,308,111

(b) Reconciliation of Number of Redeemable Preference Shares

Shares Outstanding as at 1st April 2013/ 1st April 2012	-	-
Add: Issued during the year	32,630,000	-
Shares Outstanding as at 31st March 2014/ 31st March 2013	32,630,000	-

(c) List of Equity shareholders holding more than 5% of the total number of Equity shares issued by the

Company	Name of Shareholder	As at 31 March 2014	As at 31 March 2013
		No. of Shares held	No. of Shares held
Punam Chand Rathi (HUF)		-	4601247(14.697%)
Archit Securities Private Limited		4035223(12.89%)	3824622(12.216%)
DBG Leasing & Housing Limited		3832472(12.24%)	3615591 (11.548%)
Pradeep Kumar Rathi		7504988(23.97%)	

(d) List of Redeemable Preference shareholders holding more than 5% of the total number of Redeemable

Name of Shareholder	As at 31 March 2014	As at 31 March 2013
	No. of Shares held	No. of Shares held
DBG Leasing And Housing Limited	5850000(17.93%)	-
Archit Securities Private Limited	15046000(46.11%)	-
Char Investment and Trading Limited	6454000(19.78%)	-
Lenzing Poly Packs Limited	2440000(7.48%)	

The Company has issued two class of shares referred to as equity shares and Redeemable Preference Shares. The Equity Shares are having a par value of Rs. 10 per share whereas par value for each Redeemable Preference Shares is Rs. 10/-. Every holder of Equity Share is entitled to one vote per share in respect of all matters submitted to vote in the shareholders meeting. Redeemable Preference Shares are entitled to one vote per share, in respect of every resolutions placed before the Company which directly affect the rights attached to the shares. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of preferential amounts, in proportion of their shareholdings. The Redeemable Preference Shares shall become due for redemption after 10 years from the date of issue at a premium of Rs. 10/- each.

RATHI STEEL AND POWER LTD.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs.)

<u>Note 2 : Reserves & Surplus:</u>		As at 31 March 2014	As at 31 March 2013
Revaluation Reserve		19,025,530	19,025,530
Capital Reserve		521,438	521,438
Securities Premium Account		892,421,479	892,421,479
General Reserve			
Opening Balance		174,934,316	174,934,316
Add: Transferred from Profit and Loss Account		-	-
Closing Balance		174,934,316	174,934,316
Profit And Loss Account			
Opening Balance		(598,522,132)	501,960,621
Add: Profit(Loss) for the year		(743,367,066)	(1,100,482,753)
Less: Appropriations			
Transferred to General Reserve		-	-
Closing Balance		(1,341,889,198)	(598,522,132)
		(254,986,435)	488,380,631

<u>Note - 3 : Long Term Borrowings</u>		As at 31 March 2014	As at 31 March 2013
Secured Term Loans:			
From Banks		1,911,872,816	1,426,019,792
Working Capital Term Loans			
From Banks		1,538,453,441	-
Funded Interest Term Loans			
From Banks		502,789,633	-
Finance / Lease Obligations			
From Banks		1,002,989	2,482,234
From Others		2,710,326	4,008,947
		3,956,829,205	1,432,510,973

Notes

1. Term Loans, Working Capital Term Loans and Funded Interest Term

Loans from Banks are secured by :

- First Pari- Passu charge on Fixed Assets of the company
- Second Pari-Passu charge on Current Assets of the company,
- Personal guarantee of Shri Pradeep Kumar Rath, Managing Director and Shri Udit Rath, CEO
- Pledge of Promoter's Equity Shareholdings i.e 51.47%.
- First pari-passu mortgage and charge on the immovable properties of the Company situated at Ghaziabad, U P and Sambalpur, Odisha
- First pari-passu mortgage and charge on the immovable property in the name of Sh Pradeep Kumar Rath situated at 112-A, Sector 21, Gurgaon, Haryana
- First Charge over Escrow/Trust and Retention Account

2. Vehicle/Equipment Loans are secured by the hypothecation of specific assets purchased under such arrangements.

3. Terms of repayments of Indian Rupee Term Loans/WCTL/FITL

Year

Term Loans from Banks

4. Terms of repayments of Vehicle/Equipment Loans

Year

Maturity Profile

Rs. In Crores

After 3 Years

1-2 years

2-3 years

After 3 Years

1-2 years

2-3 years

0.37

RATHI STEEL AND POWER LTD.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

<u>Note - 4 : Other Long Term Liabilities</u>		As at 31 March 2014	As at 31 March 2013
Unsecured			
Unsecured Loans		316,243,800	314,168,800
Dealers Deposits		1,157,485	1,157,485
Deferred Payment liabilities			
Interest free sales tax deferment(unsecured)		6,965,412	6,965,412
Sundry Creditors for Capital Goods		12,339,413	19,240,231
Other Term Liabilities		39,650,541	-
		376,356,651	341,531,928

Interest free sales tax deferment

The Govt of Uttar Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales tax attributable to the sales effected out of production is deferred(interest free) for a period of 5 years from December 2009

<u>Note - 5 : Other Long Term Provisions</u>		As at 31 March 2014	As at 31 March 2013
Gratuity(unfunded)		20,117,677	20,156,144
		20,117,677	20,156,144
Note - 6 : Short Term Borrowings		As at 31 March 2014	As at 31 March 2013
Secured			
Working Capital Facilities			
From Banks		867,985,633	1,734,406,276
		867,985,633	1,734,406,276

Working capital facilities from Banks are secured by :

- First Pari- Passu charge on Current Assets of the company,
- Second Pari-Passu charge on Fixed Assets of the company,
- Personal guarantee of Shri Pradeep Kumar Rath, Managing Director and Shri Udit Rath, CEO
- Pledge of Promoter's Equity Shareholdings i.e 51.47%.
- Second pari-passu mortgage and charge on the immovable properties of the Company situated at Ghaziabad, U P and Sambalpur, Odisha
- Second pari-passu mortgage and charge on the immovable property in the name of Sh Pradeep Kumar Rath situated at 112-A, Sector 21, Gurgaon, Haryana
- Second Charge over Escrow/Trust and Retention Account

<u>Note - 7 : Trade Payables</u>		As at 31 March 2014	As at 31 March 2013
Unsecured			
Acceptances		-	729,425,583
Trade Payables		99,102,051	77,227,079
		99,102,051	806,652,662
Note 8 : Other Current Liabilities		As at 31 March 2014	As at 31 March 2013
Unsecured			
Current Maturities Of Long Term Debt		78,608,012	507,559,840
Current Maturities Of Finance/ Lease Obligations		7,244,909	6,423,975
Interest Accrued But Due		41,678,034	37,158,871
Interest Accrued But Not Due		19,369,401	8,249,123
Advances From Customers		11,676,292	7,847,308
Statutory dues payable		94,880,232	82,387,397
Others Payables		130,033,515	27,582,305
		383,490,395	677,208,819
Note - 9 : Short Term Provisions		As at 31 March 2014	As at 31 March 2013
Wealth Tax Payable		32,000	25,060
Bonus		2,863,959	2,207,088
Earn Leave(unfunded)		492,358	1,330,819
		3,388,317	3,562,967

RATHI STEEL AND POWER LTD.

NOTE 10

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

PARTICULARS	G R O S S B L O C K			D E P R E C I A T I O N			N E T B L O C K			
	As at 01.04.2013 (Rs.)	Addition during the year (Rs.)	Sales/ Adjustment (Rs.)	As at 31.03.2014 (Rs.)	Upto 31.03.2013 (Rs.)	Adjustment (Rs.)	For the Year (Rs.)	Total Upto 31.03.2014 (Rs.)	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
<u>FIXED ASSETS</u>										
Land Freehold	1,889,704	-	-	1,889,704	-	-	-	-	1,889,704	1,889,704
Land Leasehold	49,525,262	-	-	49,525,262	-	-	-	-	49,525,262	49,525,262
Boundary Wall	173,896	-	-	173,896	138,468	-	-	138,468	35,428	35,428
Building	582,928,342	-	-	582,928,342	99,314,942	-	1,099,762	100,414,704	482,513,638	483,613,399
Plant & Machinery	3,773,079,909	37,375,451	18,025	3,810,437,335	1,083,759,613	1,241	85,203,481	1,168,961,853	2,641,475,482	2,689,320,295
Furniture Fixtures	8,188,878	2,708	-	8,191,586	5,094,626	-	368,638	5,463,264	2,728,322	3,094,252
Office Equipment	4,367,802	56,133	-	4,423,935	1,399,904	-	140,904	1,540,808	2,883,127	2,967,898
Vehicles	28,046,040	55,294	356,747	27,744,587	18,189,260	270,819	2,347,483	20,265,924	7,478,663	9,856,780
Computers	9,984,115	110,685	-	10,094,800	7,531,688	-	7,750	7,539,438	2,555,362	2,452,430
TOTAL	4,458,183,948	37,600,271	374,772	4,495,409,447	1,215,428,501	272,060	89,168,018	1,304,324,459	3,191,084,988	3,242,755,448
Previous Year	4,374,777,113	85,027,491	1,620,655	4,458,183,948	995,891,104	1,202,478	220,739,873	1,215,428,499	3,242,755,448	

RATHI STEEL AND POWER LTD.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Note - 11 : Non Current Investments		As at 31 March 2014	As at 31 March 2013
Trade Investments			
QUOTED (AT COST)			
127(25,127) Equity Share of Bank of Baroda of Rs. 10 each (Market Value Rs. 91567/-)		29,210	5,779,210
1000(1000) Equity Shares of State Bank of Bikaner & Jaipur of Rs.100/- each (Market Value Rs.329700/-)		489,900	489,900
2400(2400) Equity Shares of Focus Industrial Resources Ltd of Rs. 1/- each (Market Value Rs.21600/-)		20,086	20,086
1000 Equity Shares of M/s First Financial Services Ltd. Of Rs.10/- each (Market Value Rs.7950/-)		10,000	10,000
Investment in Mutual Fund		1,000,000	1,000,000
UNQUOTED (AT COST)			
20000(20000) Equity Shares of M/s Moradabad Syntex Ltd.of Rs.10/- each (Under liquidation)		1	1
3350 Equity Shares of M/s Lynx Traders & Export Ltd.of Rs.10/- each		33,500	33,500
		1,582,697	7,332,697
Less:Prov. for diminution in value of investments		11,700	11,700
		1,570,997	7,320,997
Note - 12 Long-term loans and advances		As at 31 March 2014	As at 31 March 2013
Unsecured, considered good			
Security Deposit		36,272,159	34,432,691
		36,272,159	34,432,691
Note -13 Other Non Current Assets		As at 31 March 2014	As at 31 March 2013
Unsecured, considered good			
Trade Receivables		14,638,724	55,688,903
Others		13,008,000	13,008,000
		27,646,724	68,696,903

Note 14 : Inventories:		As at 31 March 2014	As at 31 March 2013
Valued At Lower Of Cost Or Realisable Value			
Raw Material(Including Goods In Transit Nil)		141,980,949	250,121,866
Stores & Spare Parts		42,780,307	51,741,212
Fuel		318,888	805,719
Finished Goods		301,383,629	138,186,989
		486,463,773	440,855,786
Note - 15 : Trade Receivables		As at 31 March 2014	As at 31 March 2013
(Unsecured,considered good unless otherwise stated)			
Outstanding For A Period Exceeding Six Months			
-Considered Good		160,209,722	286,681,020
-Considered Doubtful		2,071,452	1,876,850
Less:Provision for Doubtful Debts		(449,472)	(449,472)
Others		983,414,036	935,026,359
		1,145,245,738	1,223,134,757

RATHI STEEL AND POWER LTD.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Note - 16 : Cash And Cash Equivalents		As at 31 March 2014	As at 31 March 2013
<u>Balances With Banks</u>			
In Current Accounts		8,580,299	8,444,906
In Deposit Accounts		290,000	90,000
In Margin money a/c including FDR's with maturity less than 12 months		22,322,340	48,458,669
Cash On Hand		4,399,733	5,625,112
In Margin money a/c as FDR's with maturity more than 12 months		-	864,000
Interest Accrued But Not Due On FDR's		2,320,876	4,147,904
		37,913,248	67,630,591
Note - 17 : Short Term Loans & Advances:		As at 31 March 2014	As at 31 March 2013
(Unsecured, considered good unless otherwise stated)			
Advance For Recoverable in cash or kind or for value to be received			
-Considered Good		257,464,466	61,773,885
-Considered Doubtful		2,924,198	2,508,110
Less: Provision for Doubtful Debts		(337,500)	(337,500)
Balances With Government Authorities		89,757,290	109,726,819
Security Deposits		3,666,372	3,666,372
		353,474,826	177,337,686
Note - 18 : Other current assets		As at 31 March 2014	As at 31 March 2013
<u>Unsecured, considered good</u>			
Prepaid Expenses		465,982	10,810,698
Advance Income Tax / Tax Deducted At Source		7,960,474	6,039,655
		8,426,456	16,850,353
Note - 19 : Revenue From Operations		Year ended 31.03.2014	Year ended 31.03.2013
Sale Of Products		4,613,448,204	8,099,600,360
Sale of Services		-	62,555,467
Others Operating Revenue		51,882,334	81,705,928
		4,665,330,538	8,243,861,755
Less : Excise Duty (Net)		10,021,295	159,543,692
		4,655,309,243	8,084,318,063
Steel Bars/TMT, Structural Plates etc.		3,280,006,020	3,542,090,193
SS Round in Coil		1,327,764,077	2,862,713,601
Billets		18,993,397	1,215,356,221
Others		38,567,044	623,701,740
		4,665,330,538	8,243,861,755
		-	-
Note - 20 : Other Income:		Year ended 31.03.2014	Year ended 31.03.2013
Interest Received		4,303,607	7,355,933
Dividend		45,885	94,484
Insurance Claim Received		-	3,288,693
Miscellaneous Income		-	47,808
Profit on Sale of Investments		7,605,722	16,471,738
Commission Received		2,144,920	1,813,400
Sundry Balances Written Off		1,205,087	73,141
Job charges received		2,128,350	-
		17,433,571	29,145,197

RATHI STEEL AND POWER LTD.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Note -21 : Cost Of Materials Consumed		Year ended 31.03.2014	Year ended 31.03.2013
Opening Stock		250,121,866	603,821,727
Purchases		4,527,839,583	7,040,977,650
		4,777,961,449	7,644,799,377
Less : Closing Stock		141,980,949	250,121,866
		4,635,980,500	7,394,677,511
Material consumed comprises:-			
Billets		1,620,395,235	2,701,856,422
Scrap		639,721,216	924,028,012
Iron Ore and Pallets		54,646,100	725,324,561
Coal		14,944,048	410,340,479
Others raw materials		2,306,273,901	2,633,128,037
		4,635,980,500	7,394,677,511
Note 22 : Changes In Inventories Of Finished Goods , Semi Finished Goods & Wip		Year ended 31.03.2014	Year ended 31.03.2013
Inventories At The Beginning Of The Year			
Finished Goods		138,186,989	661,968,859
Semi Finished Goods		-	19,000,000
Work In Progress		-	18,500,000
		138,186,989	699,468,859
Inventories At The End Of The Year			
Finished Goods		301,383,631	138,186,989
Semi Finished Goods		-	-
Work In Progress		-	-
		301,383,631	138,186,989
		(163,196,642)	561,281,870
Differential Excise duty on Increase/ (decrease) in Stock		(2,697,873)	(36,382,244)
		(165,894,515)	524,899,626
Note 23 : Employee Benefit Expenses		Year ended 31.03.2014	Year ended 31.03.2013
Salary		57,883,263	109,530,815
Contribution to PF and other Funds		3,580,193	4,692,761
Staff Welfare		1,334,652	4,281,081
		62,798,108	118,504,657
Note 24 : Financial Cost		Year ended 31.03.2014	Year ended 31.03.2013
Interest Expenses		476,346,403	532,087,498
Other Borrowing Costs			
Bank Charges & Processing Fee		16,443,174	28,461,967
Others		-	1,156,470
		492,789,577	561,705,935

RATHI STEEL AND POWER LTD.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Note -25 : Other Expenses:		Year ended 31.03.2014	Year ended 31.03.2013
A. Manufacturing Expenses			
Stores Consumed		127,007,174	272,062,782
Water Charges		9,396,600	17,983,086
Power & Fuel		387,015,998	457,164,624
Royalty		-	272,531
Consultation Charges		23,600	-
Rolling Charges Paid		758,889	3,732,548
Repair & Maintenance			
Building		563	1,077,163
Plant & Machinery		3,229,678	20,179,528
others		115,858	1,405,848
Laboratory Expenses		-	159,898
B.Selling Expenses			
Advertisement and Sales Promotion Expenses		21,176	179,290
Consignment Expenses		9,613,280	29,872,522
Freight Outwards		-	8,762,466
Testing Charges		66,291	31,470
C.Administrative Expenses			
Directors Remuneration		2,374,320	3,094,320
Directors Travelling		-	21,781
Guest House Maint.Expenses		102,507	394,420
Insurance Charges		2,828,306	4,913,970
Legal & Professional Charges		9,612,374	8,931,683
Miscellaneous Expenses		7,842,202	3,709,980
Vehicle Running & Maintenance		3,830	47,475
Postage, Telegram & Telephone		1,667,495	2,134,960
Printing & Stationery		374,094	540,194
Rates & Taxes		1,384,681	2,014,720
Rent		1,812,982	1,805,063
Security Charges		3,042,936	4,820,389
Travelling & Conveyance Expenses		2,177,627	3,667,227
Auditors' Remuneration		400,000	400,000
Wealth Tax		37,572	40,000
Loss on Sale of Assets		3,428	183,177
Forfeiture of Bank Guarantee		6,687,297	-
		577,600,758	849,603,115

RATHI STEEL AND POWER LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in Lacs)

	PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit Before Taxation	(10,196.98)	(15,566.67)
	Adjustments for :		
	Depreciation	891.68	2,207.40
	(Profit)/ Loss on Sale of Assets	0.03	1.83
	Profit on sale of investments	(76.06)	(164.72)
	Interest Paid	4,763.46	5,320.87
	Insurance Claim Received	-	(32.89)
	Misc. Balance written back	(12.05)	(0.73)
	Dividend income	(0.46)	(0.94)
	Miscellaneous Income	(21.45)	(18.61)
	Interest income	(43.04)	(73.56)
	Operating profit before working capital changes:	(4,694.87)	(8,328.02)
	Adjustments for:		
	Increase in Trade receivables	778.89	(389.95)
	(Increase)/Decrease in inventories	(456.08)	9,575.43
	(Increase)/Decrease in Loans & Advances and other assets	(1,285.03)	3,310.65
	Increase in Current Liabilities and Other Long Term Liabilities	(6,004.43)	(82.94)
	Cash Generated from Operation	(11,661.52)	4,085.18
	Less: Income Tax paid (net)	-	(1.34)
	Net cash from operating activities:	(11,661.52)	4,086.52
B.	CASH FLOW FROM INVESTMENT ACTIVITIES		
	Purchase of Fixed Assets	(376.00)	(850.27)
	Change in Capital Work in Progress	112.42	(4.57)
	Dividend income	0.46	0.94
	Sales of Assets	0.99	2.35
	Miscellaneous Income	21.45	18.61
	Sales/ (Purchase) of Investments	133.56	200.12
	Insurance claim	-	32.89
	Interest income	43.04	73.56
	Net cash used in investing activities :	(64.08)	(526.37)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Share Capital	3,263.00	-
	Receipt of Long Term Borrowings	20,981.45	-
	Payment of Long Term Borrowing	(19.57)	(2,629.08)
	Increase/(Decrease) in Short Term Borrowing	(8,664.22)	2,970.01
	Increase/(Decrease) in Unsecured loans	20.75	-
	Interest Paid(including borrowing costs capitalised)	(4,152.99)	(4,371.98)
	Net cash used in Financing activities :	11,428.42	(4,031.05)
	Net increase/(Decrease) in cash and cash equivalents	(297.18)	(470.90)
	Opening cash and cash equivalents	676.31	1,147.21
	Closing cash and cash equivalents	379.13	676.31

As per our Report of even date
For M. LAL & CO.
Chartered Accountants

P.N.Varshney
Whole Time Director
DIN: 00012709

Pradeep Kumar Rathi
Managing Director
DIN: 00012596

Loveleena Ahuja
Company Secretary

M. L. AGRAWAL
M. No. 11148

PLACE : NEW DELHI
DATED : 30.05.2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTE NO.26

1. COMPANY INFORMATION

Rathi Steel And Power Limited (formerly Rathi Udyog Limited) (the Company) is a public limited company incorporated in 1971 and engaged in the business of manufacturing and sale of Steel and Steel related products.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been predominantly presented below in the order of the Accounting Standards notified under the Companies (Accounting Standards) Rule, 2006 (as amended)

a) Basis of Preparation of Financial Statements:

The financial statements are prepared under historical cost convention except for revaluation of certain fixed assets which are revalued in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956. The Company follows the mercantile system of accounting, recognizing income and expenditure on accrual basis.

b) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

c) Inventories:

Inventories are stated at cost (net of CENVAT credit) or net realisable value, whichever is lower and inclusive of excise duty. Cost determined on weighted average basis and comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and includes, where applicable appropriate overheads. Inventory of Iron Ore and Coal have been segregated according to usability at the time of physical verification and are stated at Cost or market price whichever is less.

d) Tangible Fixed assets and depreciation accounting:

All fixed assets are accounted for at cost of acquisition, inclusive of freight, duties, taxes, erection, installation and other incidentals related to acquisition and exclusive of CENVAT recoverable on purchase of capital goods. Pre-operation expenses including trial run expenses (net of revenue) are capitalized.

Leasehold land has been revalued as on 31st March, 1992.

e) Depreciation

Depreciation on fixed assets is provided on straight line method in accordance with the rates specified in Schedule XIV of the Companies Act, 1956. No depreciation has been charged on assets not used during the year. Depreciation on additions/deductions has been calculated on day-to-day basis.

f) Revenue Recognition

Sales comprises of sales of goods and services but net of sales returns and includes inter unit transfers.

Interest income is accounted for on accrual basis.

Dividend income is accounted for on receipt of payment.

g) Investments :

Trade Investments are the investments meant to enhance the company's interest. Investments are classified as current or non-current based on the management's intention at the time of investment. Long-term investments are stated at cost. Provision for diminution in the value of long-term investment is made only if such a decline is permanent in nature.

h) Impairment of Assets :

At each Balance Sheet date, the company reviews the carrying amounts of assets to determine whether there is any indication of impairment of assets. If any indication exists, the recoverable amount is estimated, at the higher of realizable value and value in use, as considered appropriate. If the estimated recoverable amount is less than the carrying amount, an impairment loss is recognized in the statement of Profit and Loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash –generating unit to which the assets belongs. As per assessment conducted by the company as at March 31, 2014, there were no indications that the fixed assets have suffered an impairment loss.

i) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged revenue.

j) Current Tax and Deferred Tax:

Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

In accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the deferred tax liability for timing differences between book profits and tax profits is accounted for using the tax rates and tax laws that have been enacted or substantially enacted as of Balance Sheet date. Deferred Tax Assets are recognized with regard to all deductible timing difference

to the extent that it is probable that taxable profit will be available against which deductible timing difference can be utilized. When the company carries forward accumulated losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized.

k) Retirement benefits:

Actual liability for gratuity is provided in respect of eligible employees. Other employees' benefits are accounted for as per Company's policy.

l) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimates. Contingent Assets are not recognized in the financial statements.

- m) The amount of Stores consumed during the financial year includes the value of stores issued for repair and maintenance.

NOTES ON ACCOUNTS:

1. COMMITMENTS:

Estimated amount of Contracts remaining to be executed on capital account- Rs. NIL (Rs. NIL lakhs).

2. CONTINGENT LIABILITIES:

- A. No provision has been made for:
- Outstanding Bank Guarantees and Counter Guarantees given by the Company Rs. 58607112/- (Rs.12,81,27,112).
 - Outstanding Letter of Credit Rs. 2,70,00,000 (Rs.2,70,00,000).
 - Sales tax Liability in respect of goods impounded-amount unascertained (The Company has deposited Rs.1239019/- as security with the dept.)
 - Civil suits and Labour cases pending against the

Details of consumption of imported and indigenous items

Company not acknowledged as debts - Rs. 38954461/- (14040870/-).

- Show Cause notices issued by various Government department are not considered as contingent liability.
 - The Company has not considered those disputes/ demands/claims as contingent liability for which the chances of outflow of resources are remote.
- Surety given to sales tax dept. for others. The Company has not considered these as contingent liability as chances of out flow of resources are remote as Company has a right to claim the same from other party.
- Income Tax and Sales Tax Assessments:
 - Income tax assessments have been completed upto assessment year 2011-12. Additional liability, if any, in respect of pending assessments, would be provided for on completion of assessments.
 - Additional demand, if any, in respect of pending assessment of Sales Tax/ VAT/Entry Tax would be known only on completion of the assessments.
- Name of the Company has been changed from Rath Udyog Limited to Rath Steel And Power Limited w.e.f.20.03.2008.
- During the year, the Company's Corporate Debt Restructuring Package (CDR Package) has been approved by the CDR Cell. Under the CDR Package, the Company's debts were restructured/rescheduled and additional credit facilities have been sanctioned as set out in the Letter of Approval dated 24 September 2013. Accordingly Master Restructuring Agreement has been executed on 20th December 2013 between the Company and concerned lenders. The CDR Package includes reliefs / measures such as reduction in interest rates, funding of interest, rearrangement of securities etc. The Company has since implemented the CDR approved restructuring scheme in its books of account and bank accounts related to restructuring scheme are under reconciliation.

5. FOREIGN CURRENCY TRANSACTIONS:

Expenditure in Foreign Currency:

- Raw material purchase (CIF) Rs.114620206/- (Rs.42,90,10,186).
- Capital Goods (CIF) – Rs.5344546/- (Rs.1,14,40,098).

Earning in Foreign Currency (FOB):

Finished goods sale Rs. Nil (Rs. Nil)

Rs. in lacs

Particulars	Imported				Indigenous			
	2013-14	%	2012-13	%	2013-14	%	2012-13	%
Materials	1146.20	17.93	4290.10	5.80%	5248.13	82.07	69656.67	94.20%
Stores and Spares					1270.07	100%	2720.63	100%

6. Payment to auditors:
- Audit Fee – Rs.4,00,000 (Rs.4,00,000).
 - Fee for Limited Review – Rs.1,00,000 (Rs.1,00,000).
 - Out of Pocket Expenses-Rs.15,000 (Rs.15000).
7. Sundry debtors, advances, creditors & other liabilities includes inter parties transfers and are subject to confirmation and consequent adjustments. In the opinion of the Board of Directors, the current assets and loans & advances except doubtful in nature would realize at least the amount at which these are stated

in the Balance Sheet. For doubtful debts, the board of directors are very much hopeful for their recovery. Therefore, No provision has been made.

8. Based on the information available with the Company, there are no over dues to micro and small enterprises under the Micro, Small and Medium Enterprises as on 31st March 2014 due for a period of more than 45 days, Accordingly no interest was paid/is payable in terms of the said Act during the year under review.

9. Earning Per Share (EPS):

Earning Per Share (EPS) – the numerators and denominators used to calculate earning per share:-

Particulars	Year Ended on 31.03.2014	Year Ended on 31.03.2013
Profit/(Loss) attributable to the Equity Shareholders (Rs.) (A)	(743367066)	(1100482754)
Profit/(Loss) Cash attributable to the Equity Shareholders (Rs.) (B)	(654199048)	(879742879)
Weighted average number of Equity Shares Outstanding during the year (C)	31308111	31308111
Nominal Value of Share (Rs.)	10	10
Earning Per Share (Rs.) (A)/(C)	(23.74)	(35.15)
Earning Per Share (Cash) (Rs.) (B)/(C)	(20.90)	(28.10)

10. Related Party Disclosure:

In accordance with Accounting Standard (AS-18) on related party disclosure, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, along with description of relationship identified, are given below:

- Individuals
 - Shri Udit Rathi
 - Smt. Sonal Rathi
 - Smt. Divya Rathi
- Key Managerial Personnel

Shri Pradeep Kumar Rathi

Shri P N Varshney

- The following transactions were carried out with related parties in the ordinary course of business:

Particulars	Key Managerial Personnel (Rs)	Individuals (Rs)
Paid for rendering of services	2374320	3960000

11. Segmental Reporting:

The business activity of the company falls within one broad segment viz Steel. Hence the disclosure requirement of Accounting Standard-17 of "Segment Reporting" issued by the Institute of Chartered Accounts of India is not given.

12. Previous year figures have been regrouped or recast wherever necessary.

As per our Report of even date
For **M. LAL & Co.**
Chartered Accountants

Sd/-
Loveleena Ahuja
Company Secretary

Sd/-
Prem N.Varshney
Whole Time Director

Sd/-
Pradeep Kumar Rathi
Managing Director

Sd/-
M.L. Agrawal
M. No. 11148

Place : New Delhi
Dated: 30.05.2014

RATHI STEEL AND POWER LIMITED

CIN: L27109DL1971PLC005905

Registered Office: Chauhan Market, Madanpur Khadar, Near Local Shopping Complex,
Pocket –D & E, Sarita Vihar New Delhi- 110076

E-Mail: investors@rathisteelandpower.com www.rathisteelandpower.com

The procedure and instructions for e-voting as given in the Notice of the 43rd Annual General Meeting are reproduced hereunder for easy reference:

- (i) Log on to the e-voting website www.evotingindia.com.
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" "**Rathi Steel And Power Limited**" from the drop down menu and click on "SUBMIT".
- (iv) Now, enter your User ID as given overleaf in the box.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as Physical Shareholders) as given overleaf in the box.
DOB*	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Bank Details*	Enter the Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

*Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company please enter the Member ID / Folio Number in the Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for the resolutions for any other Company on which they are eligible to vote, provided that the Company opts for e-voting through CDSL platform. It is strongly recommended not share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for **Rathi Steel And Power Limited** to vote.
- (xi) on the voting page, you will see resolution descriptions and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
- (xii) Click on the "Resolutions File Link" if you wish to view the entire resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code and click on Forgot Password and enter the details as promoted by the system.
- (xvii) Institutional Shareholders (i.e. other than Individual, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as a Corporate. After receiving the login details they have to link the account (s) which they wish to vote on and then cast their vote. They should upload scanned copy of the Board resolution and Power of Attorney (POA) which they have issued in favour of the custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

General Instructions:

- (A) The e-voting period commences on Tuesday, 23rd September, 2014 at 09.00 A.M. and ends on Thursday, 25th September, 2014 at 5.00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut off date (record date) of Friday, 29th August 2014, may cast their vote electronically. The e-voting module shall be displayed by CDSL for voting thereafter.
- (B) In case you have any queries or issues regarding e-voting, you may refer the frequently Asked Questions ("FAQ") and e-voting manual available at www.evotingindia.com in under help section or write an email to helpdesk.evoting@cdslindia.com.
- (C) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut off date (record date) of 29th August 2014.
- (D) The Company has appointed M/s Ranjeet Verma & Associates, Practicing Company Secretary as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
- (E) The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer Report of the vote cast in favour or against, if any, forthwith to the Chairman of the Company.
- (F) The Result shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer Report shall be placed on the Company's website www.rathisteelandpower.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company.

RATHI STEEL AND POWER LIMITED

CIN: L27109DL1971PLC005905

Registered Office: Chauhan Market, Madanpur Khadar, Near Local Shopping Complex,
Pocket -D & E, Sarita Vihar New Delhi- 110076

E-Mail: investors@rathisteelandpower.com www.rathisteelandpower.com

PROXY FORM AGM 2014

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management & Administration) Rules, 2014]

FOLIO / DP ID-CLIENT ID No. :

NAME OF THE MEMBER(S) & ADDRESS :

I/We, being the Member (s) ofShares of the above name company, hereby appoint

(1) Name:

Address:

E-mail Id:

Signature _____, or failing him;

(2) Name:

Address:

E-mail Id:

Signature _____, or failing him;

(3) Name:

Address:

E-mail Id:

Signature _____, or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43rd Annual General Meeting of the Company, to held on Tuesday, 30th September 2014 at 10.00 a.m. at KDM Hotels & Resorts Pvt. Ltd. (BULBUL) A-4, Mohan Cooperative Industrial Estates Mathura Road New Delhi-110044 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No	Resolutions	Type of Resolution
	ORDINARY BUSINESS:	
1	To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 and the Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.	Ordinary Resolution
2.	To appoint a director in place of Mr. Prem Narain Varshney (DIN: 00012709) who retires by rotation and being eligible offers himself for reappointment.	Ordinary Resolution
3.	Re-appointment of M/s M. Lal & Co, Chartered Accountants (Registration No. 011148) as Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.	Ordinary Resolution
	SPECIAL BUSINESS	
4.	To appoint Shri S.K Daga (DIN: 00208058) an independent director	Ordinary Resolution
5.	To appoint Shri Dwarka Das Lakhotia (DIN: 00012380) an independent director	Ordinary Resolution
6.	To re-appoint Shri Pradeep Kumar Rathi (DIN: 00012596) as Managing Director	Ordinary Resolution
7.	To re-appoint Shri Prem Narain Varshney (DIN: 00012709) as Whole Time Director	Ordinary Resolution
8.	To approve the report of Board of Directors under section 23 of Sick Industrial Companies (Special Provisions) Act, 1985	Special Resolution

Signed this _____ day of _____ 2014

Signature of Shareholder _____

Signature of Proxy holder(s) _____

Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.