

OUR TRIBUTE TO THE FOUNDER



LATE SHRI PUNAM CHAND JI RATHI

(1934 – 2010)

A great visionary, innovator and entrepreneur of extraordinary abilities.

Our revered founder, Shri Punam Chand Ji Rathi was an exceptional human being and an outstanding leader. He was a man of vision and commitment. His life and achievements prove that backed by confidence, courage and conviction, man can achieve the impossible. Steel being the family business of the Rathis, he engaged himself in the industry at an early age. In 1971 he established Rathi Steel And Power Limited (then Rathi Udyog Ltd.) by establishing a plant at Ghaziabad, and introduced the TOR® technology which brought a revolution in construction steel. A technology conscious, he laid emphasis on latest technologies and as a result, Thermex® technology for TMT Steel was adopted by the company.

Shri Punam Chand Ji Rathi was recognized in the industry for his great technical expertise and administrative capabilities. Under his capable guidance and direction, the Company undertook several expansions and modernizations programmes successfully and has grown by leaps and bounds. The integrated plant at Sambalpur was the outcome of his farsightedness and encouragement. We piously salute this great Karmyogi and carry his vision and legacy forward as a tribute to him.

We are fortunate to have had a personality of Shri Punam Chand Ji Rathi's stature in our midst. He proved that with perseverance, hard work and dedication even the impossible becomes achievable. His sterling leadership qualities, remarkable foresight, uncompromising pursuit of excellence, humility, prodigious capacity to motivate and trust people, will continue to guide and inspire future generations at RATHI. We are proud and privileged to inherit this invaluable legacy.

The legend Shri Punam Chand Ji Rathi will always remain amongst us. His spirit will live on forever!

BOARD OF DIRECTORS

Shri Pradeep Rathi
Shri Prem Narayan Varshney
Shri Shree Kumar Daga
Shri Dwarka Das Lakhotia
Shri Ranjit Khattar

COMPANY SECRETARY

N. K. Garg

AUDITORS

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

LEGAL ADVISOR

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

REGISTERED OFFICE

24/1A, Mohan Co-Operative
Industrial Estates, Mathura
Road, New Delhi – 110044
Ph: 011- 26991060-62
Fax: 011-26991063

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 (Orissa) 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 40th Annual General Meeting of the members of Rathil Steel And Power Limited will be held on Friday, the 30th day of September 2011 at Pyarelal Bhawan, 2 Bahadurshah Zafar Marg, Near ITO New Delhi- 110002 at 03.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Shree Kumar Daga, who retires by rotation and being eligible, offers him-self for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an ORDINARY RESOLUTION

“Resolved that M/s M. Lal & Co. Chartered Accountants, retiring auditors of the Company, be and are hereby re-appointed as the Auditors of the Company to hold office from conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as a special resolution:

“Resolved that pursuant to the provisions of section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time and subject to such approvals, permissions, sanctions and pursuant to the Director’s Relatives (Office or Place of Profit) Rules 2011 or any amendment or substitution thereof, consent of the Company be and is hereby accorded to enhance / revision in remuneration of Shri Udit Rathi to Rs. 2,40,000/- per month with effect from 01st April 2011.”

6. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as a special resolution:

“Resolved that pursuant to the provisions of

section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time and subject to such approvals, permissions, sanctions and pursuant to the Director’s Relatives (Office or Place of Profit) Rules 2011 or any amendment or substitution thereof, consent of the Company be and is hereby accorded to enhance / revision in remuneration of Shri Shrivardhan Rathi to Rs. 2,40,000/- per month with effect from 01st April 2011.”

7. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as a special resolution:

“Resolved that pursuant to the provisions of section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time and subject to such approvals, permissions, sanctions and pursuant to the Director’s Relatives (Office or Place of Profit) Rules 2011 or any amendment or substitution thereof, consent of the Company be and is hereby accorded to the appointment of Smt. Sonal Rathi, who is a relative of a director to hold an office or place of profit under the company as executive officer of the Company with effect from 01st April 2011 on a monthly remuneration of Rs. 1,00,000/- per month.”

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

“Resolved that pursuant to the provisions of section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time and subject to such approvals, permissions, sanctions and pursuant to the Director’s Relatives (Office or Place of Profit) Rules 2011 or any amendment or substitution thereof, consent of the Company be and is hereby accorded to the appointment of Smt. Divya Rathi, who is a relative of a director to hold an office or place of profit under the company as Executive Officer of the Company with effect from 01st April 2011 on a monthly remuneration of Rs. 1,00,000/- per month

9. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as a special resolution:

Resolved that pursuant to the provisions of section 31 & 53 of the Companies Act, 1956 read with circular no. 17-2011 issued by the Ministry of Corporate Affairs and section 5, and 81 of the Information Technology Act, 2000 the consent of members is hereby accorded to alter Article 155 of the Articles of Association of the Company by inserting the words "including through electronic mode" at the end of the said Article and the altered article shall be read as under:

"A document may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for the giving of notices to him including through electronic mode."

For Rathi Steel And Power Limited
Sd/-

Place: New Delhi

NK Garg

Date: 23/08/2011

Company Secretary

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 himself 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 pursuant to section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting 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 2011 to 30th September 2011 (both days inclusive)
6. Dividend on equity shares as recommended by the Board for the financial year ended on 31st March 2011 if declared, at the meeting will be paid to those members whose name appear in the Register of Members as on 30th September 2011.
7. As mandated by SEBI, the Company is providing Electronic Clearing Services (ECS) facility to the members whereby members are able to receive their dividend by way of electronic credit directly to their Bank account. In the absence of availing of this option by the members, the Company shall send warrants for disbursing dividend. Members desiring to avail of this facility are requested to provide the bank detail with photo copy of cheque for verifying the accuracy of Bank detail with MICR code number.
8. 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.
9. 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.
10. The queries, if any, on the accounts should be sent to the Company at its registered office such a way that the company will receive the same at least 10 days before the Annual General Meeting.
11. 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.

EXPLANATORY STATEMENT:

Pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO.5

Shri Udit Rathi, Chief Executive Officer of the Company is actively involved in strategizing the expansion and growth plans of the Company. The Board has decided to promote him and revise his remuneration.

None of the Directors except Shri Pradeep Rathi is concerned or interested in the aforesaid resolution.

ITEM NO. 6

Shri Shrivardhan Rathi, Chief Executive of the Company is having active involvement in the

operations of the Company in the areas of production, key raw materials procurement, marketing etc. Due to his encouraging performance, the directors propose to promote him and / or revise his remuneration.

None of the Directors except Shri Pradeep Rathi is concerned or interested in the aforesaid resolution.

ITEM No. 7

Smt. Sonal Rathi, a relative of a Director under section 314 of the Companies Act, 1956 and a Graduate by qualification is involved in the field of HR. After evaluation of her active involvement, the Company has appointed her as an Executive Officer of the Company.

None of the Directors except Shri Pradeep Rathi is concerned or interested in the aforesaid resolution.

ITEM NO. 8

Smt. Divya Rathi, a relative of a Director under section 314 of the Companies Act, 1956 and a Graduate by qualification is involved in the field of administration. After evaluation of her active involvement, the Company has appointed her as an executive officer of the company.

None of the Directors except Shri Pradeep Rathi is concerned or interested in the aforesaid resolution.

ITEM NO. 9

The Ministry of Corporate Affairs has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the companies after

considering section 2,4,5, and 81 of the Information Technology Act, 2000 for legal validity of compliances under Companies Act through electronic mode and has issued circular no. 17/2011 stating that service of notice/ documents including Annual Report can be sent through electronic mode.

Section 53 of the Companies Act, 1956 provides service of documents under "Certificate of Posting" as one of the accepted mode of service which has been recently discontinued by the department of post vide their letter dated 23.02.2011.

The Ministry of Corporate affairs have further clarified that provision of section 53 of the Act shall be deemed to be duly complied with, if the service of the notice or document has been made through electronically (mailed at the registered e-mail address of the investors, if registered). Thus the Board of Directors in their meeting held on 23rd August 2011 proposed to alter Article 155 of the Articles of Association of the Company by inserting the words, "including through electronic mode" at the end of the said Article. To promoter green environment, the Directors recommend this resolution for passing by the members.

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

For Rathi Steel And Power Limited
Sd/-

Place: New Delhi
Date: 23/08/2011

NK Garg
Company Secretary

DIRECTORS' REPORT

The Directors have pleasure in presenting the 40th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended 31st March 2011 (Rs. In Lacs)	Year ended 31st March 2010 (Rs. In Lacs)
Sales	84529.60	77898.52
EBITDA	6742.55	5264.10
Interest	3633.31	2828.10
Depreciation	1973.80	1815.48
Profit before Tax (PBT)	1135.44	620.38
Profit after Tax (PAT)	1405.00	437.85
Dividend and Dividend Tax	109.52	109.89

DIVIDEND

Keeping in view the future expansion plan and the need to conserve resources, your directors are pleased to recommend a dividend of Re. 0.30 per share on 3,13,08,111 Equity Shares for the year 2010-2011.

PERFORMANCE REVIEW

The Gross sales for the financial year under review were Rs. 845 crore as against 779 Crore for the previous financial year. The performance of the Company has been comprehensively covered in the Management Discussion and Analysis report.

FUTURE OUTLOOK

The Chinese and Indian economies have been the fastest economies. However, this has led to inflationary pressures which have forced central bank to raise interest rates. China continues to drive the global steel industry with a production of approx. 630 million tons in 2010 which equates to approx. 45% of global Steel production. Chinese Steel demand continues to be driven by large capital expenditure and government infrastructure projects across the country. However, it is expected that the production growth for steel in the current decade will slow down, which should reduce raw material prices. The Indian economy grew at 8.6% in 2010-11 against 7.2% last year which shows a remarkable growth. The economy is likely to grow at over 8% over the next decade

driven by the infrastructure (power, road, railways, ports etc.) and consumption (automobile, real estate etc.) sectors which will result in robust growth in demand for various iron and steel products.

India has acquired a central position on the global steel map with its giant steel mills, acquisition of global scale capacities by players, continuous modernization & up gradation of old plants, improving energy efficiency, and backward integration into global raw material sources. Global steel giants from across the world have shown interest in the industry due to its phenomenal performance. For instance - the crude steel production in India registered a year-on-year growth of 6.4% in 2010 and reached 66.8 Million Metric Tons.

Given its direct correlation to GDP growth, we expect the Indian steel industry to experience robust growth in the future. We believe the sector's long-term positive indicators will exceed its challenges. Indian steel industry plays a significant role in the country's economic growth. The major contribution directs the attention that steel is having a stronghold in the traditional sectors, such as infrastructure & constructions, automobile, transportation, industrial applications etc. Moreover, steel variant stainless steel is finding innovative applications due to its corrosion resistive property. According to Fitch Ratings also outlook for Indian steel producers is stable for 2011 in the agency's published report. The stable outlook is supported by an expected increase in domestic steel demand during the year due to growth in automobiles, white goods and construction sectors coupled with the continuous thrust of the Indian government on infrastructure spending. Fitch expects India's steel demand to grow at 7%-9% over the next two years.

The global stainless steel industry has been witnessing a steady growth for some time now. The quarter by quarter figures have indicated an upward movement in stainless steel production so far for the present financial year. As one of the leading countries catering to the demand for stainless steel, India expects its stainless steel industry to be growing by 10 percent this year. In spite of India's per capita consumption of Stainless Steel being at 1.1 kg, which is far below the developed world average of 15 kg, there are indications that with the government planning to develop the basic infrastructure considerably, that would be a key factor to increasing consumption. Besides, the growing middle class will support demand for fixed assets such as housing, white goods and automobiles all translating to demand for the product.

Your company manufactures long products. With increase in demand there is a growth in number of

players and capacity too. The company's endeavour will be to maintain its position in long segment of steel products. Alongside the company also manufactures stainless steel products and has made serious efforts to increase the share of value added products in the total product mix which has not only resulted in increased volume of stainless steel rolled products, but also enabled the company to improve the operating margins.

Continuous R&D activities, relentless marketing efforts and strong emphasis on production of quality products have led to substantial increase in the share of stainless steel products as compared to previous year. Looking at the great potential in this segment, as the per capita consumption of stainless steel remains very low as compared to rest of the world, the company will not only strive to further improve the product mix by utilizing existing facilities, but also study option of expanding the capacities of stainless steel / alloy steel.

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 Articles of Association of the Company, Shri Shree Kumar Daga, 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 274(1)(g) of the Companies Act, 1956 and is eligible for reappointment as Director of the Company.

AUDITORS AND AUDITOR'S REPORT:

M/s M.Lal & Co., Chartered Accountants hold office until the conclusion of the ensuing 40th 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 224(1B) of the Companies Act, 1956. The notes to the accounts referred to in by the Auditors are self explanatory and therefore do not calls 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, 2012.

PARTICUALRS OF EMPLOYEES:

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.

DIRECTOR 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 31.03.2011 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 judgement 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 2011 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 Mumbai Stock Exchange Limited. The Company has made a request to delist 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.

INDUSTRIAL RELATIONS:

The Company enjoys cordial industrial relations with the employee. 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 Rathi Steel And Power Limited

Sd/-

**Prem Narayan Varshney
Whole Time Director**

Sd/-

**Pradeep Rathi
Managing Director**

Place: New Delhi

Date: 23/08/2011

ANNEXURE TO THE DIRECTOR'S 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 2011.

(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) Optimization of capacity utilization thus reducing specific consumption of energy.
 - (ii) Strict control of quality input for saving electricity consumption.
 - (iii) 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

	2010-11	2009-10
	Amount (Rs.)	Amount (Rs.)
Used	28,48,68,759	10,84,53,509
Earned	Nil	Nil

FORM A

S. No.			
A.	Power and Fuel Consumption	Current Year	Previous year
1.	ELECTRICITY	2010-11	2009-10
	Ghaziabad Unit		
	(a) Purchase Units		
	(i) Rolling Mill Unit (A-3)	19785487	21455295
	(ii) SMS Unit (C-4)	20345200	18529274
	(b) Total Amount (In Rs.)		
	(i) Rolling Mill Unit (A-3)	90694122	89207586
	(ii) SMS Unit (C-4)	94960882	74323352
	(c) Rate / Unit		
	(i) Rolling Mill Unit (A-3)	4.58	4.16
	(ii) SMS Unit (C-4)	4.67	4.01
	Orissa Unit		
	(a) Purchase Units	5597511	4771080
	(b) Total Amount (In Rs.)	31253456	25159039
	(c) Rate / Unit	5.58	5.27
	Own Generation	95411000	120621500
2.	GAS & FUELS		
	(a) Natural Gas / Furnace Oil (SCM / Litre)	7965380	9052420
	(b) Natural Gas Rs./ SCM	16.80	14.33
	(c) FO Rs. / Liter	34.98	25.06
3.	OTHER GENERATION	Nil	Nil
B.	CONSUMPTION PER MT OF PRODUCTION		
	Ghaziabad Unit		
	Finished Production (MT)		
	(i) Rolling Mill Unit (A-3)	125680	152687
	(ii) SMS Unit (C-4)	42230	34090
	Electricity (in unit)		
	(i) Rolling Mill Unit (A-3)	157.43	140.52
	(ii) SMS Unit (C-4)	481.76	543.54
	Natural Gas / FO (SCM / Litre)	63.38	59.28
	Orissa Unit		
	Production Billet (MT)	70517	89069
	Electricity (KWH)	883.60	879.50

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 Orissa 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, 2011 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchange.

For Rathi Steel And Power Limited

Sd/-

**Prem Narayan Varshney
Whole Time Director**

Sd/-

**Pradeep Rathi
Managing Director**

Place: New Delhi

Date: 23/08/2011

**CERTIFICATE BY MANAGING DIRECTOR,
CHIEF FINANCE OFFICER (CFO) AND GENERAL
MANAGER (ACCOUNTS)**

We, Pradeep Rathi, Managing Director, Y.K.Agarwal, Chief Financial Officer, and Ashok Goel, (General Manager Accounts) certify that:-

- (1) We have reviewed financial statements and the cash flow statements for the year ended 31st March 2011 and that to the best of our knowledge and belief:-
 - (i) These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- (2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (3) We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in

the design or operation of such internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify the indemnified deficiencies and

- (4) We have informed the auditors and the Audit Committee of:-
 - (i) Significant changes in internal control over financial reporting during the year.
 - (ii) Significant changes in accounting policies during the year and that the same have disclosed in the notes to the financial statements and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or and employee having a significant role in the Company's internal control system over financial reporting.

On behalf of Board of Directors
For Rathi Steel And Power Limited

Sd/-	Sd/-	Sd/-
Ashok Goel	Y. K. Agrawal	Pradeep Rathi
GM (Accounts)	CFO	Managing Director

Place: New Delhi
Date: 23/08/2011

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 2011 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/-

**M. L. Agarwal
M. No. 11148**

Place: New Delhi
Date: 23-08-2011

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2010-11 (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 its all stakeholders, including shareholders, employee, 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 2011)

The Company has an Executive Chairman and the number of Independent Directors is equal to 50% of the total number of Directors. As on 31st March 2011 the Company has 5 Directors on its Board, of which 3 Directors are independent. The number of Non-executive Directors is more then / 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
Shri Pradeep Rathi	Managing Director	Executive and Non Independent	03	01	Nil	Nil
Shri Prem Narayan Varshney	Whole Time Director	Executive and Non Independent	Nil	Nil	Nil	Nil
Shri S K Daga	Director	Non Executive and Independent	01	Nil	Nil	Nil
Shri Ranjit Khattar	Director	Non Executive and Independent	01	02	Nil	Nil
Shri Dwarka Das Lakhotia	Director	Non Executive and Independent	Nil	Nil	Nil	Nil

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

Shri Shree Kumar Daga, aged 57 years, holds a master degree in Mechanical Engineering and has more then 31 years of experience in the various industries. He has been on our Board of Directors since March 2003 as a Non Executive and Independent Director.

14th May 2010, 28th June 2010, 13th August 2010, 25th August 2010, 03rd September 2010, 01st October 2010, 05th October 2010, 22nd November 2010, 03rd December 2010, 15th February 2011, 16th March 2011. All the Meetings except 28th June 2010 were held at the registered office of the Company.

(c) Details of Board Meeting held during the financial year 2010-11

11 (Eleven) Board meeting were held during the financial year 2010-11 and the gap between two Board meeting did not exceeds four months. The date on which the Board meeting were held as follows:

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

The last (39th) Annual General Meeting was held on 30th September 2010. The attendance at Board Meeting during the year and at the 39th Annual General Meeting was as follows:

Name of Director's	No of Board Meeting held	No of Meeting attended	Last AGM Attended
Shri Pradeep Rathi	11	11	No
Shri P. N. Varshney	11	11	Yes
Shri D.D.Lakhotia	11	9	No
Shri S. K. Daga	11	11	No
Shri Ranjit Khattar	11	10	No

3. AUDIT COMMITTEE:

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

of the committee. The Chief financial officer and finance head along with statutory Auditors are invitee to the meeting. The Company Secretary acts as the secretary of the Audit Committee.

Date of Meeting	Shree Kumar Daga	Ranjit Khattar	Dwarka Das Lakhotia
14-05-2010	Yes	Yes	Yes
13-08-2010	Yes	Yes	No
03-09-2010	Yes	Yes	Yes
22-11-2010	Yes	Yes	Yes
15-02-2011	Yes	Yes	Yes

4. Remuneration Committee:

The Remuneration committee comprise of Independent Director in compliance of Clause 49(IVE) of the Listing Agreement. Shri Shree Kumar Daga is the chairman of the committee. Shri DD Lakhotia and Shri Ranjit Khattar are the other member of the Committee. The terms of reference of this committee covers the matters specified for Remuneration Committee under clause 49 of the Listing Agreement. One meeting of the Committee was held during the year.

5. Details of remuneration of Whole Time Directors:

(a) (Amount in Rs.)

Shri Pradeep Rathi	13,50,000
Shri Prem Narayan Varshney	2,00,930

(b) Period of contract

Shri Pradeep Rathi	5 years from 01-08-09
Shri Prem Narayan Varshney	5 years from 01-04-08

(c) Detail of Director's Shareholding

Name	No. of Shares
Shri Pradeep Rathi	436072
Shri Prem Narayan Varshney	200
Shri Dwarka Das Lakhotia	Nil
Shri Ranjit Khattar	Nil
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 Rathi and Shri Dwarka Das Lakhotia are the other member of the committee.

7. Status of complaints for the period 01st April 2010 to 31st March 2011

Number of complaints- opening Balance	Nil
Complaints received during the year	21
Complaints resolved during the year	21
Pending at the end of the year	Nil

8. DETAIL OF AGM / EGM OF THE COMPANY

Date	AGM / EGM	Place of Meeting	Time
05th Feb 2008	EGM	A-3, Ind. Area, South of GT Road Ghaziabad	10.00 a.m.
30th Sep 2008	37th AGM	The Little Theatre Group, Copernicus Marg, Next to Kamani Auditorium, New Delhi- 110001	10.00 a.m.
30th Sep 2009	38th AGM	The Little Theatre Group, Copernicus Marg, Next to Kamani Auditorium, New Delhi- 110001	10.00 a.m.
30th Sep 2010	39th AGM	Pyarelal Bhawan, 2 Bahadurshah Zafar Marg, Near ITO New Delhi- 110002	10.00 a.m.

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

EGM Held on 05th Feb 2008	Section 81(1A) Preferential Issue of convertible warrants
AGM Held on 30th Sep 2008	Revision in remuneration and tenure of whole time Director Preferential issue of 105 lacs convertible warrants
AGM Held on 30th Sep 2009	Revision in tenure of Managing Director
AGM held on 30th Sep 2010	Revision in remuneration of Managing Director Appointment of Directors Relative at place of profit Appointment of Directors Relative at place of profit Increase in borrowing limits

During the year under review, the Company did not pass any resolution by way of postal ballot. No special resolution requiring Postal Ballot is proposed at the ensuing Annual General Meeting.

9. Disclosures

Neither has 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. Information regarding 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 www.rathisteel.co.in. As a part of Green of the Green initiative, since December 2010, the annual report and quarterly results will be send by email to Shareholder whose email address are registered with the Depositories / Registrar and Share Transfer Agents of the Company.

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

11. GENERAL SHAREHOLDERS INFORMATION

(a) Annual General Meeting

The next (40th) Annual General Meeting is scheduled to be held at the Pyarelal Bhawan, 2 Bahadurshah Zafar Marg, Near ITO, New Delhi- 110002 on 30th September 2011 at 03.00 p.m.

(b) Financial Calendar year for 2011-12 (Tentative)

Financial Year ending	31st March 2012
First Quarter Results	on or before 14th Aug 2011
Second Quarter Results	on or before 15th Nov 2011
Third Quarter Results	on or before 15th Feb 2012
Fourth Quarter Results	on or before 15th May 2012

(c) Book Closure Date

From 25th September 2011 to Friday 30th September 2011 (both days inclusive)

(d) Dividend

Pursuant to section 205(1A) of the Companies Act, 1956, the amount of dividend for the financial year 2010-11 (if declared) will be deposited with the Bank with in 5 days of approval of the shareholders in the forthcoming Annual General Meeting and its payments shall be made within 30 days of its declaration.

(e) Listing of Securities

Mumbai Stock Exchange Limited (**Scrip 504903**)

The Company has made a request to delist its securities from Delhi Stock Exchange Limited.

13. Stock Price data monthly High and Low Price at BSE for the year 2010-11.

Month & Year	High / Rs.	Low / Rs.	Volume (Shares)	Volume (Trades)
April 10	25.95	19.00	887821	2743
May 10	24.50	19.10	474041	1615
June 10	24.85	20.20	387952	1118
July 10	24.85	21.50	386420	1183
Aug 10	23.50	21.00	306544	1306
Sep 10	26.00	21.65	719321	2722
Oct 10	32.90	25.00	2006086	7981
Nov 10	30.40	21.80	630306	2139
Dec 10	24.90	20.00	307519	1371
Jan 11	24.40	17.55	284893	1314
Feb 11	18.90	15.35	123799	714
Mar 11	17.80	14.10	160727	498

14. Distribution of Shareholding as at 31st March 2011.

Category (In Value)	No. of Shares	%	No. of Share Holders	% of total Share holders
01-5000	2029231	6.48	12625	81.48
5001-10000	1295483	4.14	1593	10.28
10001-20000	1075257	3.43	687	4.43
20001-30000	469705	1.50	182	1.17
30001-40000	297248	0.95	83	0.54
40001-50000	367605	1.17	77	0.50
50001-100000	760545	2.43	104	0.67
100001 and above	25013037	79.89	144	0.93

15. Shareholding pattern as on 31st March 2011

Description	No. of Shares	Percentage
Promoters	15849487	50.62
Mutual Fund	751245	2.40
Financial Institution / Banks	2255543	7.20
Foreign Institutional Investors	0	0.00

Bodied Corporate	4257562	13.60
Individual	7802712	24.93
NRI	296080	0.95
Clearing Members	95482	0.30
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 2011, 74.27% 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

(Ghaziabad)
(Orissa)

Address

A-3, Industrial Area, Ghaziabad (U.P.)
Vill. Potapalli and Sikirdi, Dist. Sambalpur (Orissa)

19. Address for correspondence:

Rathi Steel and Power Limited (Secretarial Department)
24/1A, Mohan Co-Operative Ind. Estates
Mathura Road, New Delhi- 110044

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

21. Green Initiative in Corporate Governance:

The Ministry of Corporate Affairs has taken a "Green Initiatives in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository participants and in case of physical holding to the Company or directly at Registrar and Share Transfer Agent of the Company.

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, 2011

Place: New Delhi
Date: 23-08-2011

Sd/-
Pradeep 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:

The long-term outlook for steel production is bright and, according to an Xstrata Plc presentation, should rise by a 3.6% compounded annual growth rate between 2010 and 2020. The medium-term outlook is still uncertain. Arcelor Mittal said that real demand is growing at a slower pace, due to uncertainty over the economic outlook for 2011, in a recent investor presentation. On the positive side, it believes that steel inventories in the US and Europe are at relatively low levels, which will be a positive when demand recovers. The global steel scenario is in favour of steel producers, as restocking in countries such as Europe and North America has led to a recovery in 2010, after the slump in 2009. If there are worries, these are on the raw materials front; both iron ore and coal prices have begun to increase again in recent months. But companies have used the stronger demand environment to hike prices to end users, which should offset the impact of higher costs on margins, to some extent. Companies have also been disciplined in keeping production under check, with utilization falling to the 73%-75% range in the second half of 2010, compared with the highs of 83% seen in April.

The Indian steel sector has witnessed a roller coaster ride of late wherein it has witnessed a significant spurt in demand due to expanding oil and gas sector, large infrastructure spending coupled with growth in housing, consumer durables and auto sectors. India became the fourth largest producer of crude steel in the world in 2010 as against the eighth position in 2003 and is expected to become the second largest

producer of crude steel in the world by 2015. As per World Steel Association (WSA), India was the fourth largest producer of crude steel during January–September 2010 producing produced 50.1 m tonnes (MT) crude steel during the period. Currently, with the government's increased emphasis on infrastructure, we believe the sector is poised for significant growth over the medium to long term. As a matter of fact, India's per capita steel consumption continues to be low at 46 kg as against the global average of 198 kg. Thus, this further strengthens our belief that the potential ahead for India to raise its steel consumption is high. India also maintained its lead position as the world's largest producer of direct reduced iron (DRI) or sponge iron. Led by strong demand from robust growth in infrastructure, auto, construction and engineering services, the domestic steel demand in India remains robust. As India is net importer of steel, the outlook for the domestic operating environment is positive.

The demand for steel was expected to grow at an annual rate of 8 - 10 percent. But it is unlikely to meet that target. In fact, the demand for steel grew only 1.5 % for the April - June quarter. This was due to slowdown in investment in infrastructure sector which is the primary consumer of steel. Also high inflation coupled with high interest rate did not help the situation. Imports also saw a decline of 52 % over the same quarter of last year.

Fitch anticipates domestic steel industry to head for overcapacity over the medium- to long-term. However, 2011 should not be affected by overcapacity as growth in steel consumption is expected to outpace production and delays are expected in Greenfield projects due to regulatory and other issues.

However, the stainless steel sector has been growing on the back of thriving and favorable demand from diverse sectors ranging from architecture, building and construction, to automotive, railways and transport to capital goods amongst others. The future demand for stainless steel is also likely to be determined favorably from all these sectors.

Increased construction and architectural activities like construction of innumerable shopping malls and housing complexes will boost the demand significantly all over the world, and is likely to be a major contributor to the demand for stainless steel in the near future. Besides growing infrastructural activities in developing nations, the spurt in construction of modern high-rises with state-of-the-art facilities would also pull demand.

Stainless steel usage has been growing as it is used extensively in household and lifestyle products as well

as in modern amenities, household appliances and a variety of construction items and bathroom fittings. In recent times, a number of architects, structural designers, railway engineers and city planners, are using stainless steel extensively.

OPPORTUNITIES AND THREATS:

Indian steel producers have had smooth sailing during the last decade, with demand growth far exceeding supply growth. This was due to easy availability of raw materials like coal and iron ore. The dynamics of the business are now changing. Rising raw material shortages are posing a threat to the industry.

Coal and iron ore are the two main raw materials used for manufacturing steel. Coal India has reduced linkages to the steel industry in the last few years due to sharply rising demand from priority sectors like power. They have increased the price of coal by almost 35%. The situation is likely to get worse. As large scale power capacities are expected to get commissioned in the coming years, Coal India's production is unlikely to keep pace with demand.

Iron ore production is also on a decline. Partly this is due to increased focus of government agencies in enforcing mining and transportation regulations to curb illegal mining. Production at a number of mines has declined, as they are awaiting renewal of their mining licenses. The prices of Iron ore are skyrocketing. Iron ore mine owners are minting money at the cost of sponge iron industry.

Going forward, the slowdown in demand and rising costs may decrease profitability of steel producers. Smaller steelmakers may have to resort to production cuts. The bigger steelmakers will probably slow down capacity additions which were expected to come on stream this year.

Recent amendment to mining and mineral act for making it obligatory for mining companies to share 26% of the net profit with the displaced population will adversely impact steel producers profitability. However, by making displaced people stakeholders in the project, land acquisition may become easier and steel producers may be able to get faster access to captive raw materials.

Your Company's end products are stainless steel and MS re-bars. Re-bars find its application in construction sector. We foresee a robust 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:

The overall operational performance of your company in the current scenario has been satisfactory both in terms of sales and profit as well as compared to the figures for previous year. Sales for the financial year under review went up to Rs.845.29 crores from Rs. 778.98 crores for the previous financial year registering a modest growth of 8.51 %. EBITDA stood at Rs. 67.42 crores for the financial year under review as against Rs. 52.64 crores for the previous financial year improved by 28.07%. However, interest cost rose significantly on account of hike in the interest rates.

FUTURE PLANS:

Ghaziabad Plant:

Looking at the robust growth of long products, the company is in the process of enhancing the rolling mill capacity from 125,000 TPA to 175,000 TPA. The project is under implementation in full swing and is expected to complete as per schedule.

Looking at the robust growth potential in the stainless steel segment, the company is making efforts to further increase the capacity of stainless steel products as well as a corresponding increase in the rolling mill capacity upto 200,000 TPA. Alongside, modernization of the wire rod mill with a provision of expanding the product range with down stream finishing facilities is also being studied.

Orissa Plant:

The work on the coal mine allotted to the company is progressing well. The company is in the midst of taking various approvals for the same from various departments / ministries.

The company is actively pursuing its case for allotment of iron ore mine also on priority. Once the mines become operational, bottom line of the company will improve.

In pursuit of its continual growth plans, your company is also looking at various organic and inorganic routes as well not only in the core business of steel but also in minerals development.

ENVIRONMENT PROTECTION:

The company has installed the most modern and sophisticated equipments to adhere to the environmental norms. In the current financial year the company has ordered additional bag filters for

the Orissa plant to even better the fugitive emission levels which is otherwise also within the prescribed norms.

For the steel melting shop plant at Ghaziabad, the company is in talks with the most reputed suppliers for completely revamping and enhancing the capacity of the fume extraction system in line with its future plans of enhancing capacity of steel melting shop.

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.

INDUSRIAL 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 achieving the record performance.

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.

AUDITORS' REPORT

We have audited the attached Balance Sheet of M/s Rathi Steel And Power Limited as at 31st March, 2011 and the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

A. We report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. 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.
3. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representation received from the directors as on 31st March, 2011 and taken on record by the Board of directors we report that none of directors is disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
 - ii) In the case of the Profit & Loss Account, of the profit for the year ended on that date and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date
- B. 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 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) No part of the fixed assets has 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 and raw material has been done on sample basis, from time to time, due to the nature of the business and the cost involved and no discrepancies have been found.
 - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us, no material discrepancies have been noticed on physical verification as compared to books of account and minor discrepancies found, if any, have been properly dealt with in the books of account.
 3. According to information and explanation given to us:
 - a) The company has not taken or granted loans from 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.
- b) No interest has been paid on such loans and prima facie these are not prejudicial to the interest of the company.
 - c) Loans and advances in the nature of loans to staff, given by the company, stipulate the consideration regarding the terms of repayment and the same are being recovered accordingly.
 - d) No time period has been stipulated on the loans taken by the company.
4. In our opinion and according to information and explanation given to us, there are internal control procedures, except for freight accounting which requires improvement, 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.
 6. According to the information and explanations given to us, the company has complied with the provisions of Section 58A of the Companies Act, 1956.
 7. The company has an internal audit system commensurate with the size and nature of business.
 8. No cost record has been prescribed under Section 209 (i) (d) of the Companies Act, 1956.
 9. According to the information and explanations given to us in respect of statutory and other dues:
 - a) According to books and records as produced and examined by us and as per information and explanations given to us, undisputed statutory dues in respect of Provident Fund, Employees State Insurance contributions, Income Tax, Sales Tax, Excise Duty, Cess and other statutory dues have been regularly deposited during the year with appropriate authorities.
 - b) According to books and records as produced and explanation given to us, there are no un-stayed disputed statutory dues.
 10. Company does not have accumulated losses at the end of the financial year. Company has not incurred cash losses during the year covered by report and in the financial year immediately preceding the year covered by the report.
 11. In our opinion and according to the information and explanations given to us, the company had not defaulted in repayment of dues to banks.
 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.
 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 guarantees 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 shares/Convertible share warrants 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
Sd/-
M .L Agarwal
M.No.11148

Place: New Delhi
 Date:23.08.2011

RATHI STEEL AND POWER LTD.

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31.03.2011 AMOUNT (Rs.)	AS AT 31.03.2010 AMOUNT (Rs.)
Shareholder's Funds:			
Share Capital	A	313,081,110	301,556,110
Reserves & Surplus	B	<u>1,465,101,007</u>	<u>1,307,773,668</u>
Loan Funds:			
Secured Loans	C	3,437,874,431	3,182,227,967
Unsecured Loans	D	<u>156,266,697</u>	<u>110,822,897</u>
Deferred Tax Liability		25,321,241	74,729,112
TOTAL		<u>5,397,644,486</u>	<u>4,977,109,754</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	E	4,151,133,141	3,876,252,411
Less: Depreciation		<u>770,573,149</u>	<u>574,120,831</u>
Net Block		3,380,559,992	3,302,131,580
Capital Work in Progress		116,614,937	29,066,930
Investments	F	10,470,997	9,470,997
Current Assets, Loans and Advances:			
Inventories	G	1,238,289,482	1,167,520,657
Sundry Debtors	H	844,151,738	560,192,174
Cash and Bank Balances	I	84,561,829	113,658,556
Loans & Advances	J	<u>499,034,266</u>	<u>557,424,323</u>
		2,666,037,315	2,398,795,710
Less: Current Liabilities and Provisions	K	<u>776,038,755</u>	<u>762,355,463</u>
Net Current Assets		1,889,998,560	1,636,440,247
TOTAL		<u>5,397,644,486</u>	<u>4,977,109,754</u>
Significant Accounting Policies and Notes on Accounts	Q		
Schedules referred to herein form an integral part of the financial Statements			
As per our Report of even date			
For M. LAL & CO.			
Chartered Accountants			
Sd/- P. N. Varshney WT Director	Sd/- Pradeep Rathi Managing Director	Sd/- N. K. Garg Company Secretary	Sd/- Y. K. Agrawal C.F.O.
Sd/- ASHOK GOEL General Manager (Accounts)			
Sd/- M. L. AGRAWAL M. No. 11148			

PLACE : NEW DELHI
DATED :23.08.2011

RATHI STEEL AND POWER LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHEDULE	YEAR ENDING	YEAR ENDING
		31.03.2011	31.03.2010
		AMOUNT (Rs.)	AMOUNT (Rs.)
INCOME:			
Income From Operations		8,452,960,017	7,789,851,564
Miscellaneous Income	L	19,368,068	12,731,516
Increase(+)/decrease(-) in Stock		88,983,682	16,038,165
	TOTAL:	8,561,311,767	7,818,621,245
EXPENDITURE:			
Manufacturing Expenses	M	7,729,332,960	7,144,038,032
Administrative Expenses	N	85,615,509	83,807,135
Selling Expenses	O	48,684,424	41,461,957
Interest & Finance Charges	P	386,754,389	305,727,785
Depreciation		197,380,338	181,548,521
	TOTAL:	8,447,767,620	7,756,583,430
PROFIT BEFORE TAX		113,544,147	62,037,815
Less : Provision for Tax :			
- Current Tax		22,800,000	10,600,000
- Fringe Benefit Tax		-	-
- Tax for earlier years		(347,720)	-
- Deferred Tax		(49,407,871)	7,652,540
PROFIT AFTER TAX		140,499,738	43,785,275
Profit brought forward from previous year		288,650,905	275,854,307
Profit Available For Appropriation		429,150,643	319,639,582
APPROPRIATIONS :			
Proposed Dividend		9,392,433	9,392,433
Tax on Proposed Dividend		1,559,966	1,596,244
Transfer to General Reserve		20,000,000	20,000,000
Balance carried to Balance Sheet		398,198,244	288,650,905
		429,150,643	319,639,582
Basic and diluted Earnings per Equity Share		4.57	1.80
Significant accounting policies and notes on accounts	Q		
Schedules referred to herein form an integral part of the financial Statements			
		As per our Report of even date	
		For M. LAL & CO.	
		Chartered Accountants	
Sd/-	Sd/-	Sd/-	Sd/-
P. N. Varshney	Pradeep Rathi	N. K. Garg	Y. K. Agrawal
WT Director	Managing Director	Company Secretary	C.F.O.
		Sd/-	
		ASHOK GOEL	
		General Manager (Accounts)	
			M. L. AGRAWAL
			M. No. 11148

PLACE : NEW DELHI

DATED : 23.08.2011

RATHI STEEL AND POWER LTD.

SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	SCHEDULE	AS AT 31.03.2011 AMOUNT (Rs.)	AS AT 31.03.2010 AMOUNT (Rs.)
<u>SCHEDULE - A : SHARE CAPITAL</u>			
<u>AUTHORISED:</u>			
50000000 (50000000) Equity Shares of Rs.10/- each.		500,000,000	500,000,000
<u>ISSUED, SUBSCRIBED & PAID-UP :</u>			
31308111(Pr.Yr.28993111) Equity Shares of Rs.10/-each fully paid		313,081,110	289,931,110
Convertible share Warrant Application Money		-	11,625,000
	TOTAL	313,081,110	301,556,110
(During the year 2315000 share warrants issued to promoters/non promoters have been converted into equity share of Rs.10/-each at a premium of Rs.12/-each)			
<u>SCHEDULE - B : RESERVES & SURPLUS</u>			
Share Premium		892,421,479	864,641,479
Share Forfeiture		521,438	521,438
Revaluation Reserve		19,025,530	19,025,530
<u>General Reserve:</u>			
As per last Balance Sheet	134,934,316		114,934,316
Add : Transferred from Profit & Loss Account	<u>20,000,000</u>	154,934,316	<u>20,000,000</u>
Balance in Profit & Loss Account		398,198,244	288,650,905
	TOTAL	1,465,101,007	1,307,773,668
<u>SCHEDULE - C : SECURED LOANS</u>			
A. TERM LOANS			
From Banks		1,718,635,593	1,631,437,245
Interest Accrued and Due		18,509,388	11,724,658
B: WORKING CAPITAL FACILITIES			
From Banks		1,175,250,202	1,047,491,317
C: CORPORATE LOAN			
From Bank		510,000,000	470,000,000
Interest Accrued and Due		4,710,923	5,133,542
D: VEHICLE/EQUIPMENT LOANS			
From Banks		4,927,366	3,764,810
From Others		5,840,959	12,676,395
	TOTAL	3,437,874,431	3,182,227,967
Notes :-			
1 Term Loans from Banks are secured by :			
a First Pari- Passu charge on Fixed Assets of the company			
b Second Pari-Passu charge on Current Assets of the company,			
c Personal guarantee of Promoter Directors and their relatives			
2 Working capital facilities from Banks are secured by :			
a First Pari- Passu charge on Current Assets of the company,			
b Second Pari-Passu charge on Fixed Assets of the company,			
c Personal guarantee of Promoter Directors and their relatives			
3 Corporate loan is secured by first Pari-Passu charge on the Fixed Assets and second pari passu charge on current assets of the company(both present and future) and personal guarantee of Promoter/ Directors.			
4 Vehicle/Equipment Loans are secured by the hypothecation of specific assets.			
<u>SCHEDULE - D : UNSECURED LOANS</u>			
Interest Free Sales Tax Loan		6,965,412	6,965,412
Unsecured Loans		148,143,800	102,700,000
Security Deposit from Dealers		1,157,485	1,157,485
	TOTAL	156,266,697	110,822,897

RATHI STEEL AND POWER LTD.

SCHEDULE-E

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 01.04.2010 (Rs.)	Addition during the year (Rs.)	Sales/ Adjustment (Rs.)	As at 31.03.2011 (Rs.)	Upto 31.03.2010 (Rs.)	Adjustment (Rs.)	For the Year (Rs.)	Total Upto 31.03.2011 (Rs.)	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<u>FIXED ASSETS</u>										
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	572,326,171	10,030,500	-	582,356,671	41,163,036	-	19,301,557	60,464,593	521,892,078	531,163,135
Plant & Machinery	3,212,749,989	259,501,700	-	3,472,251,689	512,274,746	-	173,673,142	685,947,888	2,786,303,801	2,700,475,243
Furniture Fixtures	8,061,568	86,996	-	8,148,564	3,558,727	-	506,353	4,065,080	4,083,484	4,502,841
Office Equipment	3,841,240	173,164	-	4,014,404	772,553	-	187,509	960,062	3,054,342	3,068,687
Vehicles	23,058,031	5,456,824	1,642,788	26,872,067	12,256,137	928,020	2,528,605	13,856,722	13,015,345	10,801,894
Computers	6,516,254	1,274,334	-	7,790,588	3,957,164	-	1,183,172	5,140,336	2,650,252	2,559,090
TOTAL	3,876,252,411	276,523,518	1,642,788	4,151,133,141	574,120,831	928,020	197,380,338	770,573,149	3,380,559,992	3,302,131,580
Previous Year	3,552,355,919	325,641,000	1,744,508	3,876,252,411	393,338,374	766,064	181,548,521	574,120,831	3,302,131,580	

RATHI STEEL AND POWER LTD.

PARTICULARS	AS AT 31.03.2011 AMOUNT (Rs.)	AS AT 31.03.2010 AMOUNT (Rs.)
<u>SCHEDULE - F : INVESTMENTS (LONG TERM):</u>		
<u>QUOTED (AT COST)</u>		
Bank of Baroda 53,127(53,127) Equity Share of Rs.10 each	9,319,210	9,319,210
State Bank of Bikaner & Jaipur 185(185) Equity Shares of Rs.100/- each	99,900	99,900
Focus Industrial Resources Ltd. 4000(4000) Equity Shares of Rs. 10/- each (Market Value not ascertainable as share is not being traded for a long period)	20,086	20,086
Investment in Mutual Fund <u>UNQUOTED (AT COST)</u>	1,000,000	-
M/s Moradabad Syntex Ltd. 20000 Equity Shares of Rs.10/- each (Under liquidation)	1	1
M/s Lynx Traders & Export Ltd. 3350 Equity Shares of Rs.10/- each	33,500	33,500
M/s First Financial Services Ltd. 1000 Equity Shares of Rs.10/- each	10,000	10,000
	10,482,697	9,482,697
Less:Prov. for diminution in value of investments	11,700	11,700
TOTAL	10,470,997	9,470,997
(Aggregate market value of quoted investments as on 31st mar,11 is Rs.19359126/-(Previous Year 16007385/-))		
<u>SCHEDULE - G : INVENTORIES:</u>		
(As Taken Valued and Certified by the Management)		
Raw Material (including goods in transit Rs.8,95,82,552/-Previous Year Rs.11,13,91,190/-) - At cost	640,862,640	656,293,476
Stores & Spare Parts - At cost	41,619,716	45,300,738
Oil & Fuel - At cost	3,269,507	2,372,506
Finished Goods - At lower of cost or market value	522,537,619	433,553,937
Work in Process	13,500,000	13,500,000
Semi Finished Goods	16,500,000	16,500,000
TOTAL	1,238,289,482	1,167,520,657
<u>SCHEDULE - H : SUNDRY DEBTORS:</u>		
(Unsecured)		
Outstanding for a period exceeding Six Months		
-Considered Good	44,104,653	33,226,850
-Considered Doubtful	299,472	299,472
Less: Provision	299,472	299,472
	-	-
Others	800,047,085	526,965,324
TOTAL	844,151,738	560,192,174

RATHI STEEL AND POWER LTD.

PARTICULARS	AS AT 31.03.2011 AMOUNT (Rs.)	AS AT 31.03.2010 AMOUNT (Rs.)
<u>SCHEDULE - I : CASH AND BANK BALANCE:</u>		
Cash in Hand	4,417,631	8,025,326
Balance with Scheduled Banks:		
In Current Accounts	24,651,731	46,177,184
In Fixed Deposit	90,000	4,665,884
In Fixed Deposit (as margin money for BG/LC)	52,670,018	53,176,840
Interest Accrued but not due on FDRs	2,732,449	1,613,322
TOTAL	84,561,829	113,658,556
<u>SCHEDULE - J : LOANS & ADVANCES:</u>		
(Unsecured-Considered Good unless otherwise stated)		
Advances Recoverable in Cash or Kind or Value to be received	372,359,205	440,222,790
Advance to others-Considered Doubtful	337,500	337,500
Less: Provision for Doubtful	(337,500)	(337,500)
Security Deposits	38,176,899	37,774,922
Earnest Money Deposit:		
-Considered Good	1,550,000	1,550,000
-Considered Doubtful	150,000	150,000
Less: Provision for Doubtful	(150,000)	(150,000)
Duties & Taxes Recoverable	86,948,162	75,743,232
Advance Income Tax (Net)	-	2,133,379
TOTAL	499,034,266	557,424,323
<u>SCHEDULE - K : CURRENT LIABILITIES & PROVISIONS:</u>		
<u>CURRENT LIABILITIES:</u>		
Trade Creditors & Other Liabilities	763,359,193	746,645,932
Contractors/Suppliers Retention	620,896	4,720,854
<u>PROVISIONS:</u>		
Dividend (including CDT)	10,952,399	10,988,677
For Taxation	1,106,267	-
TOTAL	776,038,755	762,355,463

RATHI STEEL AND POWER LTD.

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNTS

PARTICULARS	YEAR ENDING 31.03.2011 AMOUNT (Rs.)	YEAR ENDING 31.03.2010 AMOUNT (Rs.)
<u>SCHEDULE - L : MISCELLANEOUS INCOME:</u>		
Dividend (Long Term)	836,865	478,143
Insurance Claim	2,265,051	5,152,959
Commission	939,146	191,068
Notice Period Salary	58,841	24,333
Interest(Gross)	4,684,127	6,685,267
Excess Provision/Misc balances Written Back	10,584,038	199,746
TOTAL	<u>19,368,068</u>	<u>12,731,516</u>
<u>SCHEDULE - M : MANUFACTURING EXPENSES:</u>		
Raw Material Consumed	6,115,754,126	6,070,207,668
Purchases	622,855,063	67,679,166
Power & Electricity Charges	238,555,929	231,292,889
Oil & Fuel Consumed	201,136,599	204,230,548
Stores Consumed	188,437,131	199,565,372
Wages	56,917,067	45,471,245
Contractors' Wages	34,935,144	41,329,399
Employer's Contribution to PF	4,146,185	1,522,212
Excise Duty	210,212,632	231,862,088
Royalty	458,628	454,260
Repair to Plant & Machinery	14,305,792	15,069,913
Consultation Charges	1,103,000	84,367
Rolling charges paid	36,190,549	32,175,731
Tools & Equipment Exp	169,780	318,406
Water Charges & Tax	3,230,591	2,294,700
Laboratory Expenses	924,744	480,068
TOTAL	<u>7,729,332,960</u>	<u>7,144,038,032</u>
<u>SCHEDULE - N : ADMINISTRATIVE EXPENSES:</u>		
Salary & Allowances	30,574,967	28,311,426
Employer's Contribution to PF	1,034,268	856,631
Directors' Remuneration	3,077,355	3,338,250
Directors' Travelling	74,978	266,425
Staff Travelling	4,686,336	4,616,760
Rates and Taxes	596,647	1,311,374
Auditors' Remuneration	400,000	400,000
Lease Rent	2,549,335	2,503,449
Legal & Professional Charges	2,085,124	2,502,246
Vehicle Maintenance	287,271	183,918
Printing & Stationery	778,752	997,334
Postage, Telegram & Telephone Expenses	2,962,777	3,000,397
Repair & Maintenance - Other	5,790,531	4,387,607
Repair & Maintenance - Building	128,879	526,356
Miscellaneous Expenses	3,939,635	7,159,632
Insurance Charges	7,574,148	7,154,982
Wealth Tax	40,000	60,000
Loss on Sale of Assets	182,268	688,444
Security Charges	10,261,312	7,483,191
Guest House Expenses	573,043	617,091
Medical Expences A/c	358,147	123,795
Transportation Charges	5,428,658	5,687,335
Staff Welfare A/c	918,977	1,337,702
Peripheral Development Expenses	162,294	292,790
Loss in Commodity Trading	1,149,807	-
TOTAL	<u>85,615,509</u>	<u>83,807,135</u>

RATHI STEEL AND POWER LTD.

PARTICULARS	YEAR ENDING 31.03.2011 AMOUNT (Rs.)	YEAR ENDING 31.03.2010 AMOUNT (Rs.)
<u>SCHEDULE - O : SELLING EXPENSES:</u>		
Advertisement and Sales Promotion	233,339	163,172
Consignment Commission & Expenses	12,057,296	12,829,219
Freight	36,234,125	28,290,094
Testing Charges	159,664	179,472
TOTAL	<u>48,684,424</u>	<u>41,461,957</u>
<u>SCHEDULE - P : INTEREST AND FINANCE CHARGES:</u>		
Interest on Term Loan & Others:		
i. On Term Loan	224,926,225	161,654,293
ii. On Working Capital & Car Loan	115,589,367	104,928,444
iii. Interest to Others	<u>22,815,623</u>	<u>16,241,355</u>
Bank & Finance Charges	18,694,831	20,156,993
Exchange Fluctuation	4,728,343	2,746,700
TOTAL	<u>386,754,389</u>	<u>305,727,785</u>

RATHI STEEL AND POWER LTD.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART-IV OF SCHEDULE-VI OF THE ACT

1. Registration Details:

Registration Number	5905		
State Code	55		
Balance Sheet	DD	MM	YYYY
	31	03	2011

2. Capital raised during the year: (Amount in Rs. Thousands)

<u>Public Issue</u>	<u>Rights Issue</u>	<u>Bonus Issue</u>	<u>Private Placement</u>
Nil	Nil	Nil	50930 (Including Premium)

3. Position of mobilisation and development of funds: (Amount in Rs. Thousands)

<u>Total Liabilities</u>	<u>Total Assets</u>
5,397,644	5,397,644

Source of Funds:

Paid-up Capital 313,081	Reserves & Surplus 1,465,101
Secured Loans 3,437,874	Unsecured Loans 156,267
Deferred Tax 25,321	

Application of Funds:

Net Fixed Assets 3,497,175	Investments 10,471
Net Current Assets 1,889,998	Misc. Expenditure NIL
Accumulated Losses NIL	

4. Performance of Company: (Amount in Rs. Thousands)

Turnover 8,452,960	Total Expenditure 8,358,784
Profit before Tax 113,544	Profit after Income Tax and Deferred Tax 140,500
Earning per share in Rs. 4.57	Dividend Rate % 3

5. Generic names of three principal products of Company:

1. Item Code	
Product Description	N.A.
2. Item Code	NIL
Product Description	NIL
3. Item Code	NIL
Product Description	NIL

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

Sd/-
P. N. Varshney
WT Director

Sd/-
Pradeep Rathi
Managing Director

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

Place: New Delhi
DATED : 23.08.2011

RATHI STEEL AND POWER LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	(Rs. in Lacs)	
	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	1135.44	620.38
Adjustments for :		
Depreciation	1973.80	1815.49
Loss on Sale of Assets	1.82	6.88
Interest Paid	3633.31	2828.24
Insurance Claim Received	(22.65)	(51.53)
Misc. Balance written back	(105.84)	(2.00)
Dividend income	(8.37)	(4.78)
Interest income	(46.84)	(66.85)
Operating profit before working capital changes:	<u>6560.67</u>	<u>5145.83</u>
Adjustments for:		
Increase in Trade receivables	(2839.60)	(1351.76)
Decrease in inventories	(707.69)	17.03
Increase in Loans & Advances	583.90	(810.23)
Increase in trade payables & other Current liabilities	306.29	237.62
Cash Generated from Operation	<u>3903.57</u>	<u>3238.49</u>
Less: Income Tax paid (net)	<u>224.52</u>	<u>106.00</u>
Net cash from operating activities:	3679.05	3132.49
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(2765.24)	(3256.41)
Change in Capital Work in Progress	(875.48)	685.26
Dividend income	8.37	4.78
Sales of Assets	5.33	2.90
Purchase of Investments	(10.00)	
Insurance claim	22.65	51.53
Interest income	46.84	66.85
Net cash used in investing activities :	(3567.53)	(2445.09)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital(including Premium)	393.05	992.95
Receipt of Long Term Borrowings	4410.00	855.52
Payment of Long Term Borrowing	(3194.74)	(1169.75)
Increase/(Decrease) in Short Term Borrowing	1277.59	1450.45
Increase/(Decrease) in Unsecured loans	454.44	47.65
Dividend tax	(15.60)	(15.96)
Dividend paid	(93.92)	(93.92)
Interest Paid	(3633.31)	(2828.24)
	(402.49)	(761.30)
Net increase/(Decrease) in cash and cash equivalents	(290.97)	(73.90)
Opening cash and cash equivalents	1,136.59	1210.49
Closing cash and cash equivalents	845.62	1136.59

As per our Report of even date attached

For M. LAL & CO.

Sd/- P.N.Varshney
WT Director

Sd/- Pradeep Rathi
Managing Director

Sd/- N. K. Garg
Company Secretary

Sd/- ASHOK GOEL
General Manager (Accounts)

Sd/- Y. K. Agrawal
C.F.O.

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

PLACE : NEW DELHI

DATED : 23.08.2011

SCHEDULE – Q

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies followed by the Company are as stated below:

a) Basis of Preparation of Financial Statements:

The financial statements are prepared under historical cost convention except for revaluation of fixed assets which are revalued in accordance with the generally accepted principles in India and the provisions of the Companies Act, 1956. 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) Fixed assets and depreciation accounting:

i) 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 GENVAT recoverable on purchase of capital goods. Pre-operation expenses including trial run expenses (net of revenue) are capitalized.

ii) Depreciation on fixed assets is provided on straight line method in accordance with the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions/deductions has been calculated on day-to-day basis.

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

d) Investments are stated at cost. Permanent diminution in the carrying cost, if any, is provided for.

e) Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

f) 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 to revenue.

g) Deferred Tax: 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 arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future.

h) Inventories: Raw Material, Stores and Spare Parts, Oil & Fuel and Capital Stores are valued at cost. Finished goods are valued at cost or net realizable value, whichever is less and inclusive of excise duty. Scrap is valued at net realizable value.

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

j) Sales includes sales of goods and services, inter unit transfers and inclusive of excise duty.

k) 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.

l) Expenditure on raw material consumed includes value of coal fines generated in DRI and consumed in captive power plant.

m) Stores consumed include stores issued for repair and maintenance.

II. NOTES ON ACCOUNTS:

1. CONTINGENT LIABILITIES:

No provision has been made for:

a. Outstanding Bank Guarantees and Counter Guarantees given by the Company Rs.713,35,112 (Rs.697,55,112).

b. Outstanding Letter of Credit Rs.14,87,50,737 (Rs.6,98,56,609).

c. Estimated amount of contracts remaining to be executed on capital account – Rs.465.80 lakh (net of advance) (Rs.564.00 lakh).

Income Tax and Sales Tax Assessments:

- a. Income tax assessments have been completed upto assessment year 2008-09. Additional liability, if any, in respect of pending assessments, would be provided for on completion of assessments.
- b. Additional demand, if any, in respect of pending assessments of Sales Tax would be known only on completion of the assessments.
2. Name of the Company has been changed from Rathi Udyog Limited to Rathi Steel And Power Limited w.e.f. 20.03.2008.

3. FOREIGN CURRENCY TRANSACTIONS:

Expenditure in Foreign Currency:

- a. Raw material purchase (CIF) – Rs.27,79,00,536 (Rs.10,74,38,043).
- b. Store Purchase (CIF) – Rs.16,59,556 (Rs.7,95,474).
- c. Capital Goods (CIF) – Rs.53,08,667 (Rs.2,19,992)

Earning in Foreign Currency(FOB):

Finished goods sale Rs. Nil (Rs. Nil).

8. Earning Per Share (EPS):

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

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Profit attributable to the Equity Shareholders (Rs.) (A)	140499738	43785275
Profit(Cash) attributable to the Equity Shareholders (Rs.) (B)	337880076	225333796
Weighted average number of Equity Shares Outstanding during the year (C)	30749974	24320947
Nominal Value of Share (Rs.)	10	10
Earning Per Share (Rs.) (A)/(C)	4.57	1.80
Earning Per Share (Cash) (Rs.) (B)/(C)	11.00	9.27

9. 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:

- a) Individuals
- Shri Udit Rathi
 - Shri Shrivardhan Rathi
- b) Key Managerial Personnel
- Shri Pradeep Rathi
- Shri P N Varshney

4. Payment to auditors:

- a. Audit Fee – Rs.4,00,000 (Rs.4,00,000).
- b. Fee for Limited Review – Rs.20,000 (Rs.20,000).
- c. Out of Pocket Expenses – Rs.15,000 (Rs.15,000).
5. Amount due for repayment within one year on term loans Rs.2027.52 lacs (Rs.2637.17 lacs).
6. Sundry debtors, advances, creditors & other liabilities includes inter parties transfers and debit/credit notes 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.
7. 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 Development Act. Payments are as per agreed terms.

- c) 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	3077355	1188000

10. 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.

11. Quantitative details and other particulars are given below:

		Current Year		Previous Year	
		Qty.(MT)	Value (Rs.)	Qty.(MT)	Value (Rs.)
A.	Installed Capacity				
	- Steel Bars/TMT/Flat/Wire Rod	125000	---	125000	---
	- Steel Ingot/Billet	190000	---	190000	---
	- Sponge Iron	150000	---	150000	---
B.	Production:				
	1. Steel Bars (Tor /TMT)	101909	---	141589	---
	2. SS Round in coil	23772	---	11098	---
	3. MS Billet	72955	---	96805	---
	4. SS Billet(incl. Purchases)	39895	---	26354	---
	5. SS Flat got rolled from others	12248	---	14192	---
	6. Sponge Iron (incl. purchases)	79026	---	93021	---
C.	Opening Stock of Finished Goods:				
	1. Steel Bars/TMT	5808	171182274	5559	162630988
	2. SS Rounds in coil	1017	47561914	907	40265053
	3. SS Billet (incl. material lying with other parties)	179	23356693	916	38751523
	4. Billet	3701	110224127	2323	55329041
	5. Sponge Iron	3981	81228929	7370	107694411
D.	Closing Stock of Finished Goods:				
	1. Steel Bars/TMT	3877	147479062	5808	171182274
	2. SS Round in coil	2624	176832880	1017	47561914
	3. SS Billet (incl. material lying with other parties)	999	102306390	179	23356693
	4. Billets (at Orissa)	1622	49636817	3701	110224127
	5. Sponge Iron	2268	46282470	3981	81228929
E.	Raw material consumed:				
	1. MS/SS Billet	133882	2816713954	161792	3611324826
	2. MS/SS Scrap	32604	734741000	28544	466587662
	3. Other raw materials	16791	1284907279	11219	616108885
	4. Iron Ore	130603	592550442	157656	603163344
	5. Coal & Coal Fines *	195305	394120834	236908	401204968
	6. Others	--	292720617	--	371817983
F.	Purchases:				
	- Bars, Structurals, Plates etc	18136	622855063	2223	67679166

G.	1. SS Billets sent to job worker Consumed of SS Flat.	12675		14697	---
	2. Steel bars transferred for re-Processing.	1690		856	
	3. SS Wire Rod transferred for re-Processing.	65		326	
	4. SS Billet transferred for re-processing	63		29	
	5. Sponge Iron issued as captive consumption for production of MS Billets	80527		96410	
H.	Turnover:				
	1. Steel Bars/TMT, Structural, Plates etc.	120231	4623306303	142707	4293911657
	2. SS Round in coil	34402	1621504026	24854	1260380523
	3. Sponge Iron				
	4. MS Billets	212	3508036	--	--
	5. Rolling Charges, Commission & Others (including sale of power)	72895	1999024373 205617279	88297	2083557790 152001594

*Includes 62306.000 MT of Coal Fines generated & consumed in Power Plant (Previous Year 83510.000MT)

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/-
N. K. Garg
Company Secretary

Sd/-
P. N.Varshney
WT Director

Sd/-
Pradeep Rathi
Managing Director

Sd/-
Y. K. Agrawal
C.F.O.

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

Sd/-
Ashok Goel
General Manager (Accounts)

Place : New Delhi

Dated: 23-08-2011

Reg: Green Initiatives in Corporate Governance: Go Paperless

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” (Circular No. 17/2011 dated 21.04.2011 and Circular no. 18/2011 dated 29.04.2011) allowing paperless compliance by Companies through electronic mode. This move by Ministry will benefit the society at large through reduction in papers less consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit. **All you have to do is to register your email id with your Depository Participant (DP with whom you maintain your Demat Account) to receive communication through electronic mode or Registrar and Share transfer agent in case of physical holding.**

Keeping in view the underlying theme and the circular issued by MCA, we propose to send all documents / notices including annual report and those covered under section 219 of the Companies Act, 1956 read with section 53 of the Act to all the shareholders through electronic mode to the registered e-mail addresses of the shareholders.

Please note that these documents will also be available on the Company’s website: www.rathisteel.co.in. Any physical copy of the same will also be available at the registered office of the Company in Delhi for inspection during office hours.

Please note that as a shareholder, you are entitled to receive all these documents free of cost upon receipt of requisition from you in physical mode. We are sure, that as a responsible citizen you will whole-heartedly support this initiative and co-operate with the Company to make it a success.

Best Regards

Rathi Steel And Power Limited

.....CUT.....

**Format for registration of email id for Green Initiative in Corporate Governance
(Paperless Compliance for Green Environment)**

I / We..... of being a member of Rathi Steel And Power Limited in support of “Green Initiative in Corporate Governance” hereby inform you that my email id for the purpose of paperless compliance by the Company through electronic mode should be registered as.....

Now onward all the compliance (including notices / corporate actions / postal ballot etc) should mailed me at this e-address only other than the physical mode. Compliance through this mode shall be acceptable to me.

DP ID.....
CL ID.....

Folio No.....
No. of Shares Held.....

Signature of the Shareholder(s)
Date:

RATHI STEEL AND POWER LTD

24/1A, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044

Attendance Slip

DP.ID		Folio No.	
Client ID.		No. of Equity Shares Held	

I hereby record my presence at the 40th Annual General Meeting of the Company being held at Pyarelal Bhawan, 2 Bahadurshah Zafar Marg, Near ITO, New Delhi -110002 on Friday 30th September 2011 at 3.00 p.m.

Name of the Shareholder :
Name of the proxy - holder / Authorised representative (in block letters)

Signature of the Shareholder/Proxy/Authorised Representative

- Note :
1. A member / proxy / authorised representative wishing to attend the meeting must complete this Admission Slip before coming to the Meeting and hand it over at the entrance.
 2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered office at least 48 hours before the meeting.



In Proxy Form write

40th AGM

RATHI STEEL AND POWER LTD

24/1A, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044.....

I/We.....of
being a member/members of Rathi Steel And Power Limited hereby appoint.
 Shri/Smt. / Km.of
 or failing him Shri/Smt./Km.of
 or failing him Shri/Smt./Km.of

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 40th Annual General Meeting of the Company to be held on Friday 30th September 2011 at 3.00 p.m. and at any adjournment thereof.

Signed thisday of2011

Folio No.	DP.ID	
No. of Equity Shares Held	Client ID.	

Signature(s).....

Revenue Stamp

Note : The proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.

