

**41st
ANNUAL - REPORT
2011-2012**

Rathi Steel and Power Ltd.

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Shri N. K. Garg

AUDITORS

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

LEGAL ADVISOR

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

BANKERS

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

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 41st Annual General Meeting of the members of Rathi Steel And Power Limited will be held on Saturday, the 29th day of September 2012 at Little Theater Group, Next to Kamani Auditorium, Copernicus Marg New Delhi-110001 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Prem Narain Varshney, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To appoint a Director in place of Shri Ranjit Khattar, 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 at such remuneration as shall be fixed by the Board of Directors."

For Rathi Steel And Power Limited

Sd/-

Place: New Delhi
Date: 03/09/2012

(N.K. Garg)
Company Secretary

2. Members are requested to bring their attendance slip along with their copy of Annual report to the meeting.
3. 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.
4. The Register of Members and Share transfer books of the Company will remain closed from 24th September 2012 to 29th September 2012 (both days inclusive)
5. 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.
6. 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.
7. 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.
8. 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.

For Rathi Steel And Power Limited

Sd/-

Place: New Delhi
Date: 03/09/2012

(N.K. Garg)
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.

DIRECTORS' REPORT

The Directors have pleasure in presenting the 41st Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended 31st March 2012 (Rs. In Lacs)	Year ended 31st March 2011 (Rs. In Lacs)
Sales (Net of Excise)	93665.84	82464.01
EBITDA	8276.42	6742.55
Interest	5003.43	3633.31
Depreciation	2255.73	1973.80
Profit before Tax (PBT)	1017.26	1135.44
Profit after Tax (PAT)	1238.00	1405.00
Dividend and Dividend Tax	Nil	109.52

DIVIDEND

Considering the requirement of funds in the operations of the company, Directors regret their inability to declare any dividend.

PERFORMANCE REVIEW

Net sales for the financial year under review were Rs. 937 crores as against 825 Crores for the previous financial year. The operational performance of the Company has been comprehensively covered in the Management Discussion and Analysis report.

FUTURE OUTLOOK

The world steel industry is a large one. According to the World Steel Association, world crude steel production was a record 1,527 million tons in 2011. However, despite its size, the steel industry remains relatively fragmented. The industry is highly cyclical and intensely competitive.

In 2011, world steel production is estimated to increase by 7.0% y-o-y, underpinned by growth in China and India. However, the growth of Organisation for Economic Co-operation and Development economies is expected to be stagnant or modest at best. Global steel production is expected to grow by another 7.0% in 2012.

In early 2011, there were major concerns that the rapid growth of China's steel production was putting

pressure on international steel markets due to the impact of demand on key raw material inputs. Steel prices rallied in the first half of 2011 due to raw material cost escalation. The cost-push rally is because cost prices have been rising faster than the steel prices, thus squeezing the margins of steel players.

Chinese crude steel production in the first half of 2011 increased about 10% to reach 353 million tonnes and was expected to continue to increase at a moderate pace in the second half of 2011 in response to slower consumption growth in the country.

India represents the new growth frontier for global steelmakers. The Indian economy is better insulated from the global economy than other Asian countries because it does not rely heavily on exports to the developed market. However, in the globalized environment, no economy is completely decoupled from the world economy. In addition, GDP growth in 2010 and 2011 was hampered by the 13 consecutive interest rate hikes aimed at curbing inflation.

In an effort to curb inflation, policy-makers and regulators have adopted policies that slow down the real economic activity in the economy. Also all the macro-economic indicators point out the onset of overall economic slowdown of Indian economy which will have a profound impact on investment, growth of manufacturing and other sectors. Further, the uncertain global economic environment continues to pose serious challenges to the sustained growth of Indian economy.

However, economic fundamentals high savings and investment rates, demography, and a rapidly growing middle class remain strong in India, which will ensure a relatively stable economic performance for the country.

Fitch Ratings says that the outlook for the Indian Steel producers will remain stable in 2012, despite the risk of a slowdown in the growth of domestic steel demand. Fitch believes that demand for steel from automobile, white goods, construction and infrastructure sectors will continue to grow through 2012, albeit at a low rate of 6%-7%.

Steel demand has a high correlation with growth in GDP, which is showing signs of a slowdown. Fitch estimates its real GDP growth projections for India for FY13 at 7.5% due to higher domestic interest rates and a weaker global economy.

Nevertheless, there exists enormous potential in the economy for higher growth of domestic steel demand in medium and long term. In terms of actual steel usage India lags behind other major steel producing countries. In 2010 our per capita consumption of

steel was only 51.7 Kgs as against the world average of 202.7 kgs. A massive investment to the tune of \$ 1 trillion dollars has been envisaged during the Twelfth five year plan in the infrastructure sector. Besides there is a greater emphasis on the growth of the Manufacturing Sector in the country. This augurs well for expansion of the base of steel consumption in the economy. A rough estimate of incremental demand for steel in the country works out approximately to 40 million tonnes in infrastructure alone. Hence, it is likely to raise intensity of steel consumption in the country measured in terms of steel consumption per unit of Gross Domestic Product (GDP). The National Steel Policy had set a production target 110 million tonnes to be achieved by 2019-20. The Indian steel industry may achieve double digit growth in consumption and surpass this production target by 2016-17 well ahead of the target date.

Government on its part has taken number of initiatives to boost the growth of real estate sector. Some of the measures taken include opening the doors for External Commercial Borrowing ('ECB') for specified low cost affordable housing projects which could potentially provide the much needed liquidity to the housing sector. Further, the interest to be paid on the ECB loan availed from the period July 2012 to June 2015 by the real estate developer is to be subjected to a lower rate of deduction of tax at source. Investment linked deduction is available for low cost affordable housing projects.

You are well aware that your company is into the business of manufacturing of long products of mild steel and stainless steel. While the company's endeavour has always been to maintain its position in long segment, it is also trying to increase its share in the value added products such as long products of special diameter and stainless steel products. During the year under review your company successfully completed the expansion of capacity of rolling mills at Ghaziabad to 175000 MTPA from 125000 MTPA.

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 Prem Narain Varshney and Shri Ranjit Khattar, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have confirmed that they have not incurred any disqualification under section 274(1) (g) of the Companies Act, 1956 and are eligible for

reappointment as Director of the Company.

AUDITORS' AND AUDITORS' REPORT:

M/s M.Lal & Co., Chartered Accountants hold office until the conclusion of the ensuing 41st Annual General Meeting and are eligible for re-appointment. They have confirmed that their re-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 Re-appointments of M/s R.M.Bansal & Co., Cost Accountants (Kanpur) to conduct the Cost Audit for the year ended on 31st March, 2013.

PARTICULARS OF EMPLOYEE(S):

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

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

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

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 31.03.2012 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 2012 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 equity 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 Narain Varshney
Whole Time Director

Sd/-
Pradeep Kumar Rathi
Managing Director

Place: New Delhi
Date: 27/08/2012

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 2012.

(1) CONSERVATION OF ENERGY:

The Company has taken a number of steps to improve the conservation of energy by optimum utilization of electrical resources and equipments. Conservation of energy and improving the efficiency of existing resources are continuing process and form an integral part of responsibility of department head.

(A) Energy conservation measure taken:

- (i) All the staff members are strictly instructed to switch off all the lights and equipments after office hours when not in use.
- (ii) Optimization of capacity utilization thus reducing specific consumption of energy.
- (iii) Strict control of quality input for saving electricity consumption.
- (iv) Minimization of handling loss.

(B) Additional Investment and proposals, if any, being implemented for reduction of consumption of energy: The company is studying the feasibility of adding variable frequency drives for various applications wherever suitable, to bring down the energy consumption subject to techno-commercial viability of the proposal.

(C) The impact of above (a) and (b) for reduction of energy consumption and consequent impact on cost of production of goods.

(D) The per-ton power consumption has been under control.

(2) TECHNOLOGY ABSORPTION:

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

(3) Foreign Exchange Earning and Outgo:

(a) Activities relating to exports: initiatives taken to increase export, development of new export market for products and services and export plan.

(b) Total foreign exchange used and earned

	2011-12 Amount (Rs.)	2010-11 Amount (Rs.)
Used	52,96,18,950	28,48,68,759
Earned	Nil	Nil

FORM A

S. No.	PARTICULARS		
A.	Power and Fuel Consumption	Current Year	Previous year
1.	ELECTRICITY	2011-2012	2010-2011
	Ghaziabad Unit		
	(a) Purchase Units		
	(i) Rolling Mill Unit (A-3)	17357450	19785487
	(ii) SMS Unit (C-4)	24034800	20345200
	(b) Total Amount (In Rs.)		
	(i) Rolling Mill Unit (A-3)	87392052	90694122
	(ii) SMS Unit (C-4)	108951545	94960882
	(c) Rate / Unit		
	(i) Rolling Mill Unit (A-3)	5.03	4.58
	(ii) SMS Unit (C-4)	4.53	4.67
	Orissa Unit		
	(a) Purchase Units	3031020	5597511
	(b) Total Amount (In Rs.)	24982421	31253456
	(c) Rate / Unit	8.24	5.58
	Own Generation (Gross)	84310000	95411000
2.	GAS & FUELS		
	(a) Natural Gas / Furnace Oil (SCM / Litre)	6063323	7965380
	(b) Natural Gas Rs./ SCM	23.38	16.80
	(c) FO Rs. / Liter	52.42	34.98
3.	OTHER GENERATION	Nil	Nil
B.	CONSUMPTION PER MT OF PRODUCTION		
	Ghaziabad Unit		
	Finished Production (MT)		
	(i) Rolling Mill Unit (A-3)	101330	125680
	(ii) SMS Unit (C-4)	47370	42230
	Electricity (in unit)		
	(i) Rolling Mill Unit (A-3)	171.30	157.43
	(ii) SMS Unit (C-4)	507.38	481.76
	Natural Gas / FO (SCM / Litre)	59.84	63.38
	Orissa Unit		
	Production Billet (MT)	52816	70517
	Electricity (KWH)	919.18	883.60

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, 2012 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchange.

For Rathi Steel And Power Limited

Sd/-

**Prem Narain Varshney
Whole Time Director**

Sd/-

**Pradeep Kumar Rathi
Managing Director**

Place: New Delhi

Date: 27/08/2012

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 2012 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 of 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: 27-08-2012

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2011-12 (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 2012)

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 2012 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 Kumar 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
Shree Kumar 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 Lakhota	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 Prem Narain Varshney, aged 59 years, holds a graduation degree in Economics from Agra University. He has more then 37 years of experience in the field of Human Resources Development. He has been on our Board of Directors since 1997 and is an executive and Non independent Directors since April 2005.

Shri Ranjit Khattar aged 52 years is a qualified and practicing chartered accountant with more then 27 years of experience. He worked with various organizations in the capacity of Chief Financial officer and as a financial consultant / He has been on our Board of Directors as a

Non Executive and Independent Director since February 2005.

(c) Details of Board Meeting held during the financial year 2011-12

12 (Twelve) Board meeting were held during the financial year 2011-12 and the gap between two Board meeting did not exceeds four months. The date on which the Board meeting were held as follows:

04th May 2011, 27th May 2011, 25th June 2011, 23rd August 2011, 24th September 2011, 29th October 2011, 08th November 2011, 27th December 2011, 16th January 2012, 30th January 2012, 22nd February 2012, 27th February 2012. All Meetings were held at the registered office of the Company.

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

The last (40th) Annual General Meeting was

held on 30th September 2011. The attendance at Board Meeting during the year and at the 40th Annual General Meeting was as follows:

Name of Director's	No of Board Meeting held	No of Meeting attended	Last AGM Attended
Shri Pradeep Kumar Rathi	12	12	Yes
Shri Prem Narain Varshney	12	12	Yes
Shri Dwarka Das Lakhotia	12	10	No
Shri Shree Kumar Daga	12	11	No
Shri Ranjit Khattar	12	9	No

3. AUDIT COMMITTEE:

The Audit Committee comprises of Independent Directors in compliance of clause 49 II (A) of the Listing Agreement. Shree Kumar Daga is the

chairman of the committee. The Account 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
27-05-2011	Yes	Yes	Yes
23-08-2011	Yes	Yes	Yes
23-08-2011	Yes	Yes	Yes
08-11-2011	Yes	Yes	No
22-02-2012	Yes	No	Yes

4. Remuneration Committee:

The Remuneration committee comprise of Independent Director in compliance of Clause 49(IVE) of the Listing Agreement. Shree Kumar Daga is the chairman of the committee. Dwarka Das Lakhotia and 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.

Shri Shree Kumar Daga

Nil

6. Investors' 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. Pradeep Kumar Rathi and Dwarka Das Lakhotia are the other member of the committee.

5. Details of remuneration of Whole Time Directors:

(a) (Amount in Rs.)

Shri Pradeep Kumar Rathi	13,50,000
Shri Prem Narain Varshney	2,05,245

(b) Period of contract

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

(c) Detail of Director's Shareholding

Name	No. of Shares
Shri Pradeep Kumar Rathi	436072
Shri Prem Narain Varshney	200
Shri Dwarka Das Lakhotia	Nil
Shri Ranjit Khattar	Nil

7. Status of complaints for the period 1st April 2011 to 31st March 2012

Number of complaints- opening Balance	Nil
Complaints received during the year	27
Complaints resolved during the year	27
Pending at the end of the year	Nil

8. DETAIL OF AGM / EGM OF THE COMPANY

Date	AGM / EGM	Place of Meeting	Time
30th Sep 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.
30th Sep 2011	40th AGM	Pyarelal Bhawan, 2 Bahadurshah Zafar Marg, Near ITO New Delhi- 110002	03.00 p.m.

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

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

AGM Held on 30th Sep 2011

Revision in remuneration of CEO

Revision in remuneration of Executive

Appointment of Director's Relative at place of profit

Appointment of Director's Relative at place of profit

Amendment in Articles of Association

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. 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.com. 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 (41st) Annual General Meeting is scheduled to be held at Little Theatre Group, Next to Kamani Auditorium, Copernicus Marg New Delhi- 110001 on 29th September 2012 at 10.00 a.m.

(b) Financial Calendar year for 2012-13 (Tentative)

Financial Year ending	31st March 2013
First Quarter Results	on or before 14th Aug 2012
Second Quarter Results	on or before 15th Nov 2012
Third Quarter Results	on or before 15th Feb 2013
Fourth Quarter Results	on or before 15th May 2013

(C) Book Closure Date:

From Monday 24th September, 2012 to Saturday 29th September, 2012 (both days inclusive)

(D) Dividend:

The Board regrets their inability to declare any dividend.

(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 (DSE).

12. CEO / CFO Certification:

The certificate in compliance with clause 49V of the listing agreement was placed before the Board of Directors.

13. Stock Price data monthly High and Low Price at BSE for the year 2011-12:

Month & Year	High / Rs.	Low / Rs.	Volume (Shares)	Volume (Trades)
April 11	19.85	16.30	156704	653
May 11	17.00	14.30	115580	491
June 11	15.95	13.00	238035	863
July 11	14.50	12.51	239729	855
Aug 11	14.40	11.00	113476	630
Sep 11	12.50	11.00	115286	438
Oct 11	13.20	11.55	61677	233
Nov 11	12.95	8.50	179641	564
Dec 11	11.50	8.95	118689	672
Jan 12	10.99	9.06	261990	1044
Feb 12	13.55	9.86	227485	1394
Mar 12	11.80	8.80	118316	608

14. Distribution of Shareholding as at 31st March 2012.

Category (In Value)	No. of Shares	%	No. of Share Holders	% of total Share holders
01-5000	1958839	6.26	12116	80.92
5001-10000	1280537	4.09	1574	10.51
10001-20000	1043732	3.33	675	4.51
20001-30000	492152	1.57	191	1.28
30001-40000	315997	1.01	88	0.59
40001-50000	365227	1.17	77	0.51
50001-100000	869950	2.78	120	0.80
100001 and above	24981677	79.79	131	0.88

15. Shareholding pattern as on 31st March 2012

Description	No. of Shares	Percentage
Promoters	16112914	51.47
Mutual Fund	751245	2.40
Financial Institution / Banks	2253543	7.20
Foreign Institutional Investors	0.00	0.00
Bodied Corporate	3199844	10.22
Individual	8617298	27.52
NRI	284216	0.91
Clearing Members	89001	0.28
Other (Trust)	50	0.00
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 2012, 97.79% equity capital was held in Electronic form with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). Normally request for dematerialization of shares are processed and confirmed within 21 days of receipt to NSDL and CDSL.

18. Plant Locations:**Works****Address****Ghaziabad**

A-3 & C-4, Industrial Area, South of GT Road, Ghaziabad (U.P.) 201009

Orissa

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

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

Pursuant to Clause 49 of the Listing Agreement with the Mumbai Stock Exchange Limited, I Pradeep Kumar Rathi, Chairman and Managing Director of Rath Steel And Power Limited, declare that all Board members and senior executives of the company have affirmed their compliance with the code of conduct during the financial year ended on 31st March 2012.

Place: New Delhi
Date: 27-08-2012

Sd/-
Pradeep Kumar Rathi
Managing Director

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:

In 2011 the world crude steel production reached 1518 million tonnes (mt) and showed a growth of 6.2% over 2010. China remained the world's largest crude steel producer in 2011 (684 mt) followed by Japan (108 mt), the USA (86.4 mt) and India (72.2 mt; prov) at the 4th position (72.2 mt). The World Steel Association has projected that global apparent steel use will increase by 3.6% to 1422 Mt in 2012, following growth of 5.6% in 2011. In 2013, it is forecast that world steel demand will grow further by 4.5% to around 1486 Mt. China's apparent steel use in 2012 and 2013 is expected to increase by 4% in both the years. For India, growth in apparent steel use is expected to grow by 6.9% in 2012 and by 9.4% in 2013. Per capita finished steel consumption in 2011 is estimated at 215 kg for world and 460 kg for China.

The Indian steel industry has entered into a new development stage from 2007-08, riding high on the resurgent economy and rising demand for steel. Rapid rise in production has resulted in India becoming the 4th largest producer of crude steel and the largest producer of sponge iron or DRI in the world. As per the report of the Working Group on Steel for the 12th Plan, there exist many factors which carry the potential of raising the per capita steel consumption in the country, currently estimated at 55 kg (provisional). These include among others, an estimated infrastructure investment of nearly a trillion dollars, a projected growth of manufacturing from current 8% to 11-12%, increase in urban population to 600 million by 2030 from the current level of 400

million, emergence of the rural market for steel currently consuming around 10 kg per annum buoyed by projects like Bharat Nirman, Pradhan Mantri Gram Sadak Yojana, Rajiv Gandhi Awaas Yojana among others. At the time of its release, the National Steel Policy 2005 had envisaged steel production to reach 110 million tonnes by 2019-20. However, based on the assessment of the current ongoing projects, both in greenfield and brownfield, the Working Group on Steel for the 12th Plan has projected that the crude steel capacity in the country is likely to be 140 mt by 2016-17 and has the potential to reach 149 mt if all requirements are adequately met. The National Steel Policy 2005 is currently being reviewed keeping in mind the rapid developments in the domestic steel industry (both on the supply and demand sides) as well as the stable growth of the Indian economy since the release of the Policy in 2005.

The Steel industry in India has suffered due to non availability and high prices of Iron Ore which has impacted Steel production. The Iron Ore mining ban in Karnataka and subsequent impact in Iron Ore production in Goa and Odisha has forced many Steel Companies to operate at reduced capacities and even close down operations. It is expected that the raw material constraints shall ease towards second half of FY'2012-13 and mines will gradually get back to normal production.

The Government of India has imposed an export duty of 30% on iron ore fines and lumps in order to control ad-hoc exports of the mineral and conserve it for long term requirement of the domestic steel industry. It has also removed 5% import duty on thermal coal which is also a relief for the Sponge Iron based steel producers.

OPPORTUNITIES AND THREATS:

Rising cost of raw materials and inputs is posing a big threat to the industry. Prices of iron ore and coal which are the major raw materials for steel production are sky rocketing without corresponding increase in the prices of finished products. The electricity, eg, cost of electricity is 3 cents in the USA as compared to 10 cents in India; and freight cost from Jamshedpur to Mumbai is \$50/MT compared to only \$34 from Rotterdam to Mumbai. Added to this are poor quality and ever increasing prices of coal.

Steel is a capital intensive industry; steel companies in India are charged an interest rate of around 14-15% on capital as compared to around 2.4% in Japan and 6.4% in USA.

In India, the advantages of cheap labour gets offset by low labour productivity; e. g, at comparable capacities labour productivity of SAIL and TISCO is 75 MT / man

year and 100 MT / man year, for POSCO, Korea and NIPPON, Japan the values are 1345 MT / man year and 980 MT / man year.

The biggest opportunity before Indian steel sector is that there is enormous scope for increasing consumption of steel in almost all sectors in India. India has rich mineral resources. It has abundance of iron ore, coal and many other raw materials required for iron and steel making. It has the fourth largest iron ore reserves (10.3 billion tonnes) after Russia, Brazil, and Australia. Therefore, many raw materials are available. It has the third largest pool of technical manpower, next to United States and the erstwhile USSR, capable of understanding and assimilating new technologies. Considering quality of workforce, Indian steel industry has low unit labour cost, commensurate with skill. This gets reflected in the lower production cost of steel in India compared to many advanced countries.

The Indian rural sector remains fairly unexposed to their multi-faceted use of steel. The rural market was identified as a potential area of significant steel consumption way back in the year 1976 itself. However, forceful steps were not taken to penetrate this segment. Enhancing applications in rural areas assumes a much greater significance now for increasing per capita consumption of steel. The usage of steel in cost effective manner is possible in the area of housing, fencing, structures and other possible applications where steel can substitute other materials which not only could bring about advantages to users but is also desirable for conservation of forest resources.

Production and supply of superior grades of steel in desired shapes and sizes will definitely increase the steel consumption as this will reduce fabrication need, thereby reduce cost of using steel.

It is estimated that world steel consumption will double in next 25 years. Quality improvement of Indian steel combined with its low cost advantages will definitely help in substantial gain in export market.

Your Company is poised to seize the opportunities in the Iron & Steel Industry through its strengths of locational and logistical advantages, raw material linkages, technology edge and management expertise.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The overall operational performance of your company 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. 936.66 crores (net of excise) from Rs.824.64 crores (net of excise) for the previous financial year registering a growth of 13.58 %. EBITDA stood at Rs. 82.76 crores for the financial year under review as against Rs. 67.42 crores for the previous financial year. Finance cost rose significantly on account of hike in the interest rates.

FUTURE PLANS:

Ghaziabad Plant:

During the year under review your company has successfully enhanced the rolling mill capacity from 125,000 TPA to 175,000 TPA.

Looking at the 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 downstream finishing facilities is also being considered under the proposed scheme. Broad parameters of the project have been finalized and the work on the same is expected to commence soon subject to financial tie up etc.

Orissa Plant:

The work on the coal mine allotted to the company is under progress. The company is in the process of obtaining approvals for the same from various departments / ministries. The company is also pursuing its case for allotment of iron ore mine 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. A proposal for further adding value by setting up a rolling mill to manufacture TMT bars is being actively considered. This is expected to result in substantial improvement in the operational performance of orissa Plant. The move will also further consolidate the company's premium position in the long products category and add a new regional market in that area which has hitherto been untapped due to logistic issues. Besides this product in an integrated Plant will give flexibility to choose right knowhow / technology which may result in considerable savings in yield and final cost.

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 added 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 at Ghaziabad Plant, the company has placed orders with reputed suppliers for 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.

INDUSTRIAL RELATIONS

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

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

TO THE MEMBERS OF RATHI STEEL AND POWER LIMITED

We have audited the attached Balance Sheet of M/s RATHI STEEL AND POWER LIMITED, as at 31st March, 2012 and the Profit and Loss Account and Cash Flow Statement 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, 2012 and taken on record by the Board of directors we report that none of directors is disqualified as on 31st March, 2012 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, 2012 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 flow 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 Central Government of India in terms of Section 227(4A) of the Companies Act, 1956. We further report that:-

1. In respect of fixed assets:
 - a) The company has been maintaining details showing full particulars, including quantitative details of fixed assets.
 - b) We have been informed that physical verification of fixed assets has been conducted by the management at reasonable intervals and no material discrepancies have been noticed by them.
 - c) 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 estimation 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, the procedures of physical verification of stocks followed by the management, is commensurate with the size of the company and nature of its business.
 - c) Having regard to the size of operations, no material discrepancies have been noticed on physical verification as compared to books and accounts and minor discrepancies found, have been properly dealt with in the books of accounts.

3. According to the information and explanations given to us:
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.
4. In our opinion and according to information and explanation given to us, there are internal control procedures 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, which, in our opinion, is in commensurate with the size of the company and the nature of its business.
8. We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records.
9. According to the information and explanations given to us in respect of statutory and other dues:
 - a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance contributions, Income Tax, Sales tax, Wealth Tax, Service Tax, Custom duty, Cess and any other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed statutory dues payable for a period more than six months from the date they became payable as at 31.03.2012.
 - b) According to the 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 guaranty 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 not made any preferential allotment of shares/ convertible shares/ 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.

Sd/-

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

Sd/-

**M. L. AGRAWAL
M. No.: 11148**

Place: New Delhi
Dated :27.08.2012

RATHI STEEL AND POWER LTD.

BALANCE SHEET AS AT 31.03.2012

(Amount in Rs.)

PARTICULARS	Note No.	AS AT	AS AT
		31.03.2012	31.03.2011
I. Equity and Liabilities			
1. Shareholders' Funds			
Share Capital	1	313,081,110	313,081,110
Reserves And Surplus	2	1,588,863,384	1,465,101,007
2. Non-Current Liabilities			
Long-Term Borrowings	3	1,916,008,782	2,057,674,907
Deferred Tax Liability		3,285,297	25,321,241
Other Long Term Liabilities	4	336,099,286	171,453,366
Long Term Provisions	5	16,755,731	13,559,348
3. Current Liabilities			
Short-Term Borrowings	6	1,399,196,053	1,175,250,202
Trade Payables	7	716,083,142	483,984,151
Other Current Liabilities	8	508,981,550	456,158,253
Short-Term Provisions	9	2,289,474	12,099,655
Total Equity & Liabilities		6,800,643,809	6,173,683,240
II. Assets			
(1) Non-Current Assets			
Fixed Assets			
Tangible Fixed Assets	10	3,378,886,009	3,380,559,992
Capital WIP		<u>85,253,763</u>	<u>116,614,937</u>
		3,464,139,772	3,497,174,929
Non-Current Investments	11	10,860,997	10,470,997
Long Term Loans And Advances	12	30,441,543	35,635,527
Other Non-Current Assets	13	39,833,212	23,229,336
(2) Current Assets			
Inventories	14	1,398,399,222	1,238,289,481
Trade Receivables	15	1,184,140,079	833,930,402
Cash And Cash Equivalents	16	114,721,160	84,561,829
Short-Term Loans And Advances	17	541,898,500	433,117,618
Other Current Assets	18	16,209,324	17,273,121
Total Assets		6,800,643,809	6,173,683,240

The accompanying Notes are an integral part of the financial statements

Sd/-
P N Varshney
WT Director

Sd/-
Pradeep Kumar Rathi
Managing Director

Sd/-
N.K. Garg
Company Secretary

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

Sd/-
Atul Agarwal
AGM (Accounts)

Sd/-
Y K Agrawal
President Commercial

Sd/-
ASHOK GOEL
General Manager (Accounts)

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

RATHI STEEL AND POWER LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2012

(Amount in Rs.)

Particulars	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
Revenues			
Revenue From Operations	19	9,366,583,512	8,246,401,439
Other Income	20	11,508,780	19,368,068
Total Revenue		9,378,092,292	8,265,769,507
Expenses:			
Cost Of Materials Consumed	21	7,669,946,879	6,736,777,011
Changes In Inventories Of Finished Goods, Work-In-Progress And Stock-In-Trade	22	(139,390,164)	(85,329,627)
Employee Benefit Expenses	23	130,225,215	132,776,466
Financial Costs	24	535,306,093	386,754,389
Depreciation And Amortization Expense		225,573,175	197,380,338
Other Expenses	25	854,783,696	783,866,783
Total Expenses		9,276,444,894	8,152,225,360
Profit Before Exceptional And Extraordinary Items And Tax		101,647,398	113,544,147
Exceptional Items		79,035	-
Profit Before Extraordinary Items And Tax		101,726,433	113,544,147
Extraordinary Items		-	-
Profit Before Tax		101,726,433	113,544,147
Tax Expense:			
(1) Current Tax		20,000,000	22,800,000
(2) Tax for earlier years		-	(347,720)
(3) MAT Credit entitlement		(20,000,000)	-
(4) Deferred Tax		(22,035,944)	(49,407,871)
Profit(Loss) From The Year From Continuing Operations		123,762,377	140,499,738
Profit/(Loss) For The Year		123,762,377	140,499,738
Earnings per share(of Rs.10/- each)			
(a) Basic		3.95	4.57
(b) Diluted		3.95	4.57

The accompanying Notes are an integral part of the financial statements

As per our Report of even date

Sd/-
P N Varshney
WT Director

Sd/-
Pradeep Kumar Rathi
Managing Director

Sd/-
N.K. Garg
Company Secretary

For M. LAL & CO.
Chartered Accountants

Sd/-
Atul Agarwal
AGM (Accounts)

Sd/-
Y K Agrawal
President Commercial

Sd/-
ASHOK GOEL
General Manager (Accounts)

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

PLACE : NEW DELHI
DATED :27.08.2012

RATHI STEEL AND POWER LTD.

SCHEDULES FORMING PART OF BALANCE SHEET

Note 1 : Share Capital:	As at 31 March 2012	As at 31 March 2011
	Rs	Rs.
Authorised		
50000000(50000000) Equity Shares of Rs.10/- each	500,000,000	50,000,000
Issued, Subscribed and Paid-up		
31308111(31308111) Equity Shares of Rs.10/- each	313,081,110	313,081,110
Total	313,081,110	313,081,110

(a) Reconciliation of Number of Shares

Shares Outstanding as at 1st April 2011/ 1st April 2010
Add: Issued during the year
Shares Outstanding as at 31st March 2012/ 31st March 2011

31,308,111	28,993,111
-	2,315,000
31,308,111	31,308,111

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

Name of Shareholder	As at 31 March 2012	As at 31 March 2011
	No. of Shares held	No. of Shares held
Punam Chand Rathi (HUF)	4670810(14.92%)	4670810(14.92%)
Archit Securities Private Limited	2824622(9.02%)	2663726(8.51%)
DBG Leasing & Housing Limited	2552531(8.15%)	2450000(7.83%)
Rathi Electrosteel Limited	2063060(6.59%)	2063060(6.59%)

The Company has issued only one class of equity shares having a par value of Rs.10 per share. Each holder of Equity share is entitled to one vote per share.

Note 2 : Reserves & Surplus:	As at 31 March 2012	As at 31 March 2011
Revaluation Reserve	19,025,530	19,025,530
Capital Reserve	521,438	521,438
Securities Premium Account	892,421,479	892,421,479
General Reserve		
Opening Balance	154,934,316	134,934,316
Add: Transferred from Profit and Loss Account	20,000,000	20,000,000
Closing Balance	174,934,316	154,934,316
Profit And Loss Account		
Opening Balance	398,198,244	288,650,904
Add: Profit for the year	123,762,377	140,499,739
Less: Appropriations		
Transferred to General Reserve	(20,000,000)	(20,000,000)
Proposed Dividend on Equity Shares	-	(9,392,433)
Tax on dividend	-	(1,559,966)
Closing Balance	501,960,621	398,198,244
	1,588,863,384	1,465,101,007

RATHI STEEL AND POWER LTD.

SCHEDULES FORMING PART OF BALANCE SHEET

Note - 3 : Long Term Borrowings	As at 31 March 2012	As at 31 March 2011
Secured Term Loans:	Rs	Rs.
From Banks	1,902,884,523	2,053,255,904
Finance / Lease Obligations		
From Banks	3,859,009	2,727,365
From Others	9,265,250	1,691,638
	1,916,008,782	2,057,674,907

Notes

1. Term Loans from Banks are secured by :

- First Pari- Passu charge on Fixed Assets of the company
- Second Pari-Passu charge on Current Assets of the company,
- Personal guarantee of Promoter Director and their relatives

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

3. Terms of repayments of Indian Rupee Term Loans

Year

Term Loans from Banks

Year

4. Terms of repayments of Vehicle/Equipment Loans

Maturity Profile

Rs in Crores

	1-2 years	2-3 years	after 3 years
Year	36.05	29.80	120.90
Year	0.67	0.53	0.09

Note - 4 : Other Long Term Liabilities	As at 31 March 2012	As at 31 March 2011
Unsecured		
Unsecured Loans	314,168,800	150,218,800
Dealers Deposits	1,157,485	1,157,485
Deferred Payment liabilities		
Interest free sales tax deferment(unsecured)	6,965,412	6,965,412
Sundry Creditors for Capital Goods	13,807,589	13,111,669
	336,099,286	171,453,366

Interest free sales tax deferment

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

Note - 5 : Other Long Term Provisions	As at 31 March 2012	As at 31 March 2011
Gratuity(unfunded)	16,755,731	13,559,348
	16,755,731	13,559,348

Note - 6 : Short Term Borrowings	As at 31 March 2012	As at 31 March 2011
Secured		
Working Capital Facilities		
From Banks	1,399,196,053	1,175,250,202
	1,399,196,053	1,175,250,202

Working capital facilities from Banks are secured by :

- First Pari- Passu charge on Current Assets of the company,
- Second Pari-Passu charge on Fixed Assets of the company,
- Personal guarantee of Promoter Directors and their relatives.

RATHI STEEL AND POWER LTD.

SCHEDULES FORMING PART OF BALANCE SHEET

Note - 7 : Trade Payables	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Unsecured		
Sundry Creditors - Raw Materials	551,800,456	370,380,742
Sundry Creditors - Stores	92,638,804	46,979,467
Sundry Creditors - Transporters, Contractors etc.	71,643,882	66,623,942
	716,083,142	483,984,151

Note 8 : Other Current Liabilities	As at 31 March 2012	As at 31 March 2011
Unsecured		
Current Maturities Of Long Term Debt	274,209,468	198,600,000
Current Maturities Of Finance/ Lease Obligations	7,912,102	6,349,322
Advances From Customers	64,044,115	68,266,172
Statutory dues payable	77,645,437	72,931,379
Others Payables	81,820,663	107,182,841
Sundry Creditors - Others	3,349,765	2,828,539
	508,981,550	456,158,253

Note - 9 : Short Term Provisions	As at 31 March 2012	As at 31 March 2011
Wealth Tax Payable	35,000	40,989
Income Tax	-	1,106,267
Bonus	1,537,820	-
Earn Leave(unfunded)	716,654	-
Proposed Dividend	-	10,952,399
	2,289,474	12,099,655

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 01.04.2011 (Rs.)	Addition during the year (Rs.)	Sales/ Adjustment (Rs.)	As at 31.03.2012 (Rs.)	Upto 31.03.2011 (Rs.)	Adjustment (Rs.)	For the Year (Rs.)	Total Upto 31.03.2012 (Rs.)	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
<u>FIXED ASSETS</u>										
Land Freehold	-	1,889,704		1,889,704	-	-	-		1,889,704	-
Land Leasehold	49,525,262	-	-	49,525,262	-	-	-	-	49,525,262	49,525,262
Boundary Wall	173,896	-	-	173,896	138,468	-	-	138,468	35,428	35,428
Building	582,356,671	571,671	-	582,928,342	60,464,593	-	19,429,258	79,893,851	503,034,491	521,892,078
Plant & Machinery	3,472,251,689	218,783,422	803,883	3,690,231,228	685,947,888	90,165	201,489,544	887,347,267	2,802,883,961	2,786,303,801
Furniture Fixtures	8,148,564	31,314	-	8,179,878	4,065,080	-	518,602	4,583,682	3,596,196	4,083,484
Office Equipment	4,014,404	123,947	-	4,138,351	960,062	-	233,880	1,193,942	2,944,409	3,054,342
Vehicles	26,872,067	3,020,710	226,082	29,666,695	13,856,722	165,055	2,792,118	16,483,785	13,182,910	13,015,345
Computers	7,790,588	253,169	-	8,043,757	5,140,336	-	1,109,773	6,250,109	1,793,648	2,650,252
TOTAL	4,151,133,141	224,673,937	1,029,965	4,374,777,113	770,573,149	255,220	225,573,175	995,891,104	3,378,886,009	3,380,559,992
Previous Year	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	

RATHI STEEL AND POWER LTD.

Note - 11 : Non Current Investments	As at 31 March 2012	As at 31 March 2011
Trade Investments		
QUOTED (AT COST)		
53,127(53,127) Equity Share of Bank of Baroda of Rs.10 each	9,319,210	9,319,210
1185(185) Equity Shares of State Bank of Bikaner & Jaipur of Rs.100/- each	489,900	99,900
4000(4000) Equity Shares of Focus Industrial Resources Ltd (Market Value not ascertainable as share is not being traded for a long period)	20,086	20,086
Investment in Mutual Fund	1,000,000	1,000,000
UNQUOTED (AT COST)		
20000(20000) Equity Shares of M/s Moradabad Syntex	1	1
3350 Equity Shares of M/s Lynx Traders & Export Ltd.	33,500	33,500
1000 Equity Shares of M/s First Financial Services Ltd. of Rs.10/- each	10,000	10,000
Less:Prov. for diminution in value of investments	10,872,697	10,482,697
	11,700	11,700
	10,860,997	10,470,997

Note - 12 Long-term loans and advances	As at 31 March 2012	As at 31 March 2011
Unsecured, considered good		
Security Deposit	28,891,543	34,085,527
Earnest Money Deposit-Considered Good	1,550,000	1,550,000
Considered Doubtful	150,000	150,000
Less; Provision	(150,000)	(150,000)
	30,441,543	35,635,527

Note -13 Other Non Current Assets	As at 31 March 2012	As at 31 March 2011
Unsecured, considered good		
Trade Receivables	26,825,212	10,221,336
Others	13,008,000	13,008,000
	39,833,212	23,229,336

Note 14 : Inventories:	As at 31 March 2012	As at 31 March 2011
Valued At Lower Of Cost Or Realisable Value		
Raw Material(Including Goods In Transit Rs 1,50,46.253/- (Previous year Rs.89582552/-))	618,866,980	640,862,640
Stores & Spare Parts	78,004,710	41,619,715
Fuel	2,058,673	3,269,507
Finished Goods - At Lower Of Cost Or Market Value	661,968,859	522,537,619
Work In Process	18,500,000	13,500,000
Semi Finished Goods	19,000,000	16,500,000
	1,398,399,222	1,238,289,481

RATHI STEEL AND POWER LTD.

Note - 15 : Trade Receivables	As at 31 March 2012	As at 31 March 2011
(Unsecured, considered good unless otherwise stated)		
Outstanding For A Period Exceeding Six Months		
-Considered Good	34,847,441	44,104,653
-Considered Doubtful	299,472	299,472
Less: Provision for Doubtful Debts	(299,472)	(299,472)
Others	1,149,292,638	789,825,749
	1,184,140,079	833,930,402

Note - 16 : Cash And Cash Equivalents	As at 31 March 2012	As at 31 March 2011
Balances With Banks		
In Current Accounts	31,863,056	24,651,731
In Deposit Accounts	90,000	90,000
In Margin money a/c including FDR's with maturity less than 12 months	67,274,246	51,795,358
Cash On Hand	11,302,726	4,417,631
In Margin money a/c as FDR's with maturity more than 12 months	874,660	874,660
Interest Accrued But Not Due On FDR's	3,316,472	2,732,449
	114,721,160	84,561,829

Note - 17 : Short Term Loans & Advances:	As at 31 March 2012	As at 31 March 2011
(Unsecured, considered good unless otherwise stated)		
Advance For Recoverable in cash or kind or for value to be received .		
-Considered Good	354,261,988	330,773,178
-Considered Doubtful	337,500	337,500
Less: Provision for Doubtful Debts	(337,500)	(337,500)
Balances With Government Authorities	183,970,140	98,253,068
Security Deposits	3,666,372	4,091,372
	541,898,500	433,117,618

Note - 18 : Other current assets	As at 31 March 2012	As at 31 March 2011
Unsecured, considered good		
Prepaid Expenses	9,856,753	4,209,761
Advance Income Tax / Tax Deducted At Source	3,105,737	-
Insurance Claim Receivable	3,246,834	13,063,360
	16,209,324	17,273,121

RATHI STEEL AND POWER LTD.

Note - 19 : Revenue From Operations	Year ended 31.03.2012	Year ended 31.03.2011
Sale of Products	9,264,664,409	8,238,368,430
Sale of Services	251,711,598	195,724,743
Others Operating Revenue	<u>32,578,394</u>	<u>18,851,842</u>
	<u>9,548,954,401</u>	<u>8,452,945,015</u>
Less : Excise Duty (Net)	182,370,889	206,543,576
	9,366,583,512	8,246,401,439
Steel Bars/TMT,Structural Plates etc.	3,970,555,689	4,055,682,814
SS Round in Coil	3,156,015,080	2,189,127,515
Billets	1,732,426,547	1,999,032,338
Others	689,957,085	209,102,348
	9,548,954,401	8,452,945,015

Note - 20 : Other Income:	Year ended 31.03.2012	Year ended 31.03.2011
Interest Received	6,526,619	4,684,127
Dividend	77,816	836,865
Insurance Claim Received	1,594,404	2,265,051
Notice Period Salary	94,434	58,841
Profit on Sale of Fixed Assets	58,870	-
Commission Received	181,346	939,146
Sundry Balances Written Off	2,975,291	10,584,038
	11,508,780	19,368,068

Note 21 : Cost Of Materials Consumed	Year ended 31.03.2012	Year ended 31.03.2011
Opening Stock	551,280,088	544,902,286
Purchases	7,722,488,518	6,743,154,813
	8,273,768,606	7,288,057,099
Less : Closing Stock	<u>603,821,727</u>	<u>551,280,088</u>
	7,669,946,879	6,736,777,011
Material consumed comprises:-		
Billets	2,476,422,373	3,056,648,954
Scrap	1,079,772,745	734,741,000
Iron Ore and Pallets	561,141,919	595,833,925
Coal	380,787,742	398,588,571
Others raw materials	3,171,822,100	1,950,964,561
	7,669,946,879	6,736,777,011

Note 22 : Changes In Inventories Of Finished Goods, Semi Finished Goods & Wip	Year ended 31.03.2012	Year ended 31.03.2011
Inventories At The Beginning Of The Year		
Finished Goods	522,537,619	433,553,937
Semi Finished Goods	16,500,000	16,500,000
Work In Progress	<u>13,500,000</u>	<u>13,500,000</u>
	552,537,619	463,553,937
Inventories At The End Of The Year		
Finished Goods	661,968,859	522,537,619
Semi Finished Goods	19,000,000	16,500,000
Work In Progress	<u>18,500,000</u>	<u>13,500,000</u>
	699,468,859	552,537,619
Differential Excise duty on Increase/ (decrease) in Stock	<u>(146,931,240)</u>	<u>(88,983,682)</u>
	7,541,076	3,654,055
	(139,390,164)	(85,329,627)

RATHI STEEL AND POWER LTD.

Note 23 : Employee Benefit Expenses	Year ended 31.03.2012	Year ended 31.03.2011
Salary	119,508,515	124,138,249
Contribution to PF and other Funds	5,650,223	3,372,619
Staff Welfare	5,066,477	5,265,598
	<u>130,225,215</u>	<u>132,776,466</u>
Note 24 : Financial Cost	Year ended 31.03.2012	Year ended 31.03.2011
Interest Expenses	500,342,834	363,331,215
Other Borrowing Costs		
Bank Charges & Processing Fee	30,466,809	20,804,474
Exchange Fluctuation	4,496,450	2,618,700
	535,306,093	386,754,389
Note 24 : Other Expenses:	Year ended 31.03.2012	Year ended 31.03.2011
A. Manufacturing Expenses		
Stores Consumed	284,663,878	188,606,911
Power & Fuel	431,044,137	439,692,528
Royalty	458,628	458,628
Consultation Charges	13,236	1,103,000
Rolling Charges Paid	23,937,565	36,190,549
Repair & Maintenance		
Building	223,683	128,879
Plant & Machinery	12,409,929	16,367,635
others	2,778,541	5,031,310
Laboratory Expenses	503,194	924,744
B.Selling Expenses		
Advertisement and Sales Promotion Expenses	75,632	233,339
Consignment Expenses	24,042,195	12,057,296
Freight Outwards	33,846,084	38,066,303
Testing Charges	29,282	159,664
C.Administrative Expenses		
Directors Remuneration	3,085,245	3,077,355
Directors Travelling	213,499	74,978
Water Charges	5,481,061	3,230,591
Guest House Maint.Expenses	487,526	573,043
Insurance Charges	6,814,958	7,574,148
Legal & Professional Charges	2,366,632	2,085,124
Miscellaneous Expenses	3,172,495	4,336,253
Vehicle Running & Maintenance	42,891	287,271
Postage, Telegram & Telephone	2,300,308	2,962,777
Printing & Stationery	796,328	778,752
Rates & Taxes	2,077,825	596,647
Rent	2,019,640	2,549,335
Security Charges	6,715,975	10,261,312
Travelling & Conveyance Expenses	4,748,329	4,686,336
Auditors' Remuneration	400,000	400,000
Wealth Tax	35,000	40,000
Loss on Sale of Assets	-	182,268
Loss on Commodities Trading	-	1,149,807
	854,783,696	783,866,783

RATHI STEEL AND POWER LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	1,017.26	1,135.44
Adjustments for :		
Depreciation	2,255.73	1,973.80
Loss on Sale of Assets	-	1.82
Profit on sale of assets	(0.59)	
Interest Paid	5,003.43	3,633.31
Insurance Claim Received	(15.94)	(22.65)
Misc. Balance written back	(29.75)	(105.84)
Dividend income	(0.78)	(8.37)
Interest income	(65.27)	(46.84)
Operating profit before working capital changes:	8164.09	6560.67
Adjustments for:		
Increase in Trade receivables	(3,502.10)	(2,839.60)
Increase in inventories	(1,601.10)	(707.69)
Increase in Loans & Advances and other assets	(991.26)	583.90
Increase in Current Liabilities and Other Long Term Liabilities	2,048.07	306.29
Cash Generated from Operation	4117.70	3903.57
Less: Income Tax paid (net)	200.00	224.52
Net cash from operating activities:	3,917.70	3,679.05
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(2,246.74)	(2,765.24)
Change in Capital Work in Progress	313.61	(875.48)
Dividend income	0.78	8.37
Sales of Assets	8.34	5.33
Purchase of Investments	(3.90)	(10.00)
Insurance claim	15.94	22.65
Interest income	65.27	46.84
Net cash used in Investing activities :	(1846.70)	(3567.53)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital (including Premium)	1,233.70	393.05
Receipt of Long Term Borrowings	(1,878.64)	4,410.00
Payment of Long Term Borrowing	-	(3,194.74)
Increase/(Decrease) in Short Term Borrowing	2,239.46	1,277.59
Increase/(Decrease) in Unsecured loans	1,639.50	454.44
Dividend tax	-	(15.60)
Dividend paid	-	(93.92)
Interest Paid	(5,003.43)	(3,633.31)
Net cash used in Financing activities :	(1,769.41)	(402.49)
Net increase/(Decrease) in cash and cash equivalents	301.59	(290.97)
Opening cash and cash equivalents	845.62	1,136.59
Closing cash and cash equivalents	1,147.21	845.62

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

Sd/-
P.N.Varshney
WT Director

Sd/-
Pradeep Kumar Rathi
Managing Director

Sd/-
Nitin Garg
Company Secretary

Sd/-
Y K Agrawal
President-Commercial

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

Sd/-
ASHOK GOEL
General Manager

Sd/-
Atul Agarwal
AGM(Accounts)

PLACE : NEW DELHI
DATED : 27.08.2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

1. COMPANY INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Preparation of Financial Statements:

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

b) Use of Estimates:

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

c) Inventories:

Raw Material, Stores and Spare Parts, Oil & Fuel and Capital Stores are valued at cost or market price whichever is less. 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.

d) Tangible Fixed assets and depreciation accounting:

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

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

e) Depreciation

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

f) Revenue Recognition

Sales comprises of sales of goods and services but net of sales returns and includes inter unit transfers. In order to comply with the "Accounting Standards Interpretation-14" issued by the Institute of Chartered Accountants of India, gross turnover includes Excise Duty.Net Turnover excludes Excise Duty.

Interest income is accounted for on accrual basis.

Dividend income is accounted for on receipt of payment.

g) Investments :

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

h) Impairment of Assets :

At each Balance Sheet date, the company reviews the carrying amounts of assets to determine whether there is any indication of impairment of assets . If any indication exists, the recoverable amount is estimated, at the higher of realizable value and value in use, as considered appropriate. If the estimated recoverable amount is less than the carrying amount, an impairment loss is recognized in the statement of Profit and Loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash –generating unit to which the assets belongs. As per assessment conducted by the company as at March 31, 2012, there were no indications that the fixed assets have suffered an impairment loss.

i) Borrowing Costs:

Borrowing costs that are attributable to the

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

j) Current Tax and Deferred Tax:

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

In accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the deferred tax liability for timing differences between book profits and tax profits is accounted for using the tax rates and tax laws that have been enacted or substantially enacted as of Balance Sheet date. Deferred Tax Assets arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future.

k) Retirement benefits:

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

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

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

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

NOTES ON ACCOUNTS:

1. CONTINGENT LIABILITIES:

No provision has been made for:

- a. Outstanding Bank Guarantees and Counter Guarantees given by the Company Rs.703,98,000 (Rs.713,35,112).
- b. Outstanding Letter of Credit Rs.29,37,59,771 (Rs.14,87,50,737).
- c. Estimated amount of contracts remaining to be executed on capital account -Rs.1243.00 lakhs (Rs.465.80 lakhs).
- d. Sales tax Liability in respect of goods impounded-amount unascertained (The Company has deposited Rs.562800/- as security with the dept.)
- e. Civil suits and Labour cases pending against the Company-Rs.9134620.00

2. Income Tax and Sales Tax Assessments:

- a) Income tax assessments have been completed up to assessment year 2009-10. 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 assessment of Sales Tax would be known only on completion of the assessment.
3. Name of the Company has been changed from Rathi Udyog Limited to Rathi Steel And Power Limited w.e.f. 20.03.2008.

4. FOREIGN CURRENCY TRANSACTIONS:

Expenditure in Foreign Currency:

- a. Raw material purchase (CIF) Rs.52,06,29,787 (Rs.27,79,00,536).
- b. Store Purchase (CIF) – Rs. Nil (Rs.16,59,556).
- c. Capital Goods (CIF) – Rs.89,89,163 (Rs.53,08,667).

Earning in Foreign Currency(FOB):

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

5. Details of consumption of imported and indigenous items

Rs. in lacs

Particulars	Imported				Indigenous			
	2011-12	%	2010-11	%	2011-12	%	2010-11	%
Materials	5206.3	6.79%	2779	4.13%	71493.2	93.21%	64588.8	95.87%
Stores and Spares	0		16.6	0.88%	2846.64	100%	1869.47	99.12%

6. 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.15000).
7. Sundry debtors, advances, creditors & other liabilities includes inter parties transfers and are subject to confirmation and consequent adjustments. In the opinion of the Board of Directors, the current assets and loans & advances except doubtful in nature would realize at least the amount at which these are stated in the Balance Sheet.

8. Based on the information available with the Company, there are no over dues to micro and small enterprises under the Micro, Small and Medium Enterprises as on 31st March 2012 due for a period of more than 45 days, accordingly no interest was paid/is payable in terms of the said Act during the year under review.

9. Earning Per Share (EPS):

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

Particulars	Year Ended on 31.03.2012	Year Ended on 31.03.2011
Profit attributable to the Equity Shareholders (Rs.) (A)	123762377	140499738
Profit(Cash) attributable to the Equity Shareholders (Rs.) (B)	349335552	337880076
Weighted average number of Equity Shares Outstanding during the year (C)	31308111	30749974
Nominal Value of Share (Rs.)	10	10
Earning Per Share (Rs.) (A)/(C)	3.95	4.57
Earning Per Share (Cash) (Rs.) (B)/(C)	11.16	11.00

10. Related Party Disclosure:

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

a) Individuals

1. Shri Udit Rathi
2. Shri Shrivardhan Rathi
3. Smt. Sonal Rathi
4. Smt. Divya Rathi

b) Key Managerial Personnel

Shri Pradeep Kumar Rathi
Shri P N Varshney

- 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	3085245	8358000

11. Segmental Reporting:

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

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

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

Sd/- N. K. Garg Company Secretary
Sd/- Prem N.Varshney WT Director
Sd/- Pradeep Kumar Rathi Managing Director

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

Sd/- Y K Agrawal President Commercial
Sd/- Ashok Goel General Manager (Accounts)
Sd/- Atul Agrawal AGM (Accounts)

Place : New Delhi
Dated: 27-08-2012

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 LIMITED

24/1A, MOHAN CO-OPERATIVE INDUSTRIAL ESTATES MATHURA ROAD NEW DELHI- 110044

Attendance slip

DP ID		Folio No.	
Client ID		No. of Shares held	

I hereby record my presence at the 41st Annual General Meeting of the Company being held at Little Theatre Group, Next to Kamani Auditorium Copernicus Marg New Delhi- 110001 on Saturday 29th September 2012 at 10.00 a.m.

Name of the Shareholder:
Name of the proxy- holder / Authorized 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

41st AGM

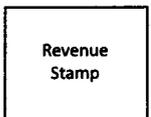
RATHI STEEL AND POWER LIMITED

24/1A, MOHAN CO-OPERATIVE INDUSTRIAL ESTATES MATHURA ROAD NEW DELHI- 110044

I / We..... ofbeing a member / members of Rathi Steel And Power Limited hereby appoint Shri / Smt / Km..... ofor failing him Shri / Smt / Km..... ofor failing him Shri / Smt / Km..... ofas my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 41st Annual General Meeting of the Company to be held on Saturday 29th September 2012 at 10.00 a.m. and at any adjournment thereof.

Signed thisday of2012

Folio No.		DP ID	
No. of Shares Held		CL ID	



Signature(s).....

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.