

**37TH
ANNUAL - REPORT
2007-2008**

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Rathi Steel And Power Ltd.



AN ISO 9001 COMPANY

BOARD OF DIRECTORS

Sh. Punam Chand Rathi
Sh. Pradeep Rathi-Managing Director
Sh. S.K. Daga
Sh. Prem Narayan Varshney
Sh. Dwarka Das Lakhotia
Sh. Ranjit Khattar

COMPANY SECRETARY

Sh. Nitin Garg

AUDITORS

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

LEGAL ADVISOR

Sh. Shiv Khorana, Advocate
F-7,IIInd Floor, Lajpat Nagar-III
New Delhi-110024

BANKERS

Bank of Baroda
Canara Bank
Syndicate Bank
State Bank of India

REGISTERED OFFICE

24/1A Mohan Cooperative
Industrial Estate
Mathura Road,
New Delhi-110044
Phone: 011-26991060
Fax: 011-26991063

CORPORATE OFFICE

Industrial Area No.1
A-3, South of G.T. Road
Ghaziabad (U.P.)
Pin- 201009
Phones: 0120-2840346 To 50
Fax: 0120-2840352-353

**WORKS:
Unit - 1**

Industrial Area No.1
A-3, South of G.T. Road,
Ghaziabad (U.P.)
Pin- 201009
Phones: 0120-2840346 To 50
Fax: 0120-2840352-353

Unit -2

Vill. Potapali , Sikirdi, PS - Burla
Distt. Sambalpur (Orissa) 768006
Phones : 0663-2541170, 2230495

**REGISTRAR & SHARE
TRANSFER AGENT:**

Intime Spectrum Registry Ltd.
A-31,3rd Floor,
Naraina Industrial Area,Phase-1
Near PVR Cinema, New Delhi-110028
Phone: 011-41410592
Fax: 011-41410591

NOTICE

Notice is hereby given that the 37th Annual General Meeting of the members of Rathi Steel And Power Limited will be held on Tuesday 30th September, 2008 at 10.00 A.M. at the Little Theatre Group, Copernicus Marg, next to the Kamani Auditorium, New Delhi-110001 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2008, and the Profit and Loss Account for the year ended on that date together with Report of Auditors and Directors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Dwarka Das Lakhotia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Prem Narayan Varshney, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass, with or without modifications, if any, the following resolution as an ORDINARY RESOLUTION

Resolved that M/s M. Lal & Co. Chartered Accountant, 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 up to the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass with or without modification the following resolution as ordinary resolution

"Resolved that Pursuant to the provisions of Section 198,269,309 and 310 read with Schedule XIII and other applicable provisions, if any, of the companies act, 1956 and subject to consent of the members of the Company remuneration of Shri Prem Narayan Varshney, Director of the company be and is hereby fixed with effect from 01.04.2008 for a period of five years, on the following terms and conditions.

- (a) Salary- Rs. 10,350/- Per month
- (b) Housing- Rs. 3250/-
- (c) Company's contribution towards provident fund will not be included in the computation of ceiling on perquisites to the extent of these either singly or put together are not taxable under the Income Tax Act, 1961
- (d) Gratuity as per rules of the company

- (e) Leave encashment as per rules of the company

- (f) Other allowance as per company's rules.

"Resolved further that the Board of Directors be and is hereby authorized to vary and/or revise the remuneration of the said Whole Time Director within the permissible limit under the provisions of the Companies Act, 1956 or any statutory modification thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereof."

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

"RESOLVED THAT, pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment thereto or re-enactment thereof) and subject to the provisions of the Memorandum of Association and Articles of Association of the Company and the Listing Agreement entered into with the Stock Exchanges where the Equity Shares of the Company are listed and in accordance with the existing guidelines, rules and regulations of the Securities and Exchange Board of India ("SEBI") (including the SEBI (Substantial Acquisition of Shares and Takeovers Regulations, 1997) (including any statutory amendment(s) modification(s) and or re-enactment(s) thereof, for the time being in force) and subject to the approvals, consents, permissions and/ or sanctions, as may be necessary of the appropriate authorities, institution or body and subject to such terms, conditions, alterations, corrections, changes, variations and/or, modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents permissions and / or sanctions and which may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board" which terms shall be deemed to include any committee duly constituted by the Board of Directors or any committee which the Board of Directors may hereafter constitute, to exercise one or more of its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded and Board is hereby authorized to issue, offer and allot upto 1,05,00,000(One Crore Five Lakh Only) Convertible Warrants (Warrants), to be convertible at the option of Warrant holder in one or more tranches, within 18 (eighteen) months from its allotment date into 1 Equity Share of the Company of face value of Rs.10/- each for each warrant for cash at an exercise price of Rs. 22/- (including premium of Rs. 12/-) and to issue fresh Equity Shares on the conversion of the warrants, on such further terms and conditions as may be finalized by the Board of Directors to following persons belonging to Promoter group :

Name of person	No of warrants
Promoter Group	
Punam Chand Rathi	1,00,000
Sushila Rathi	1,00,000
Pradeep Rathi	1,00,000
Sushma Devi Rathi	1,00,000
Udit Rathi	1,00,000
Anirudh Rathi	1,00,000
Saurabh Rathi	1,00,000
Archit Securities Private Limited	42,00,000
DBG Leasing And Housing Limited	42,00,000
SUB TOTAL (A)	91,00,000
Non Promoter Group	
Modern Ferro Alloys Pvt. Ltd	7,00,000
A.D. Suppliers Pvt. Ltd	7,00,000
SUB TOTAL (B)	14,00,000
Total (A+B)	1,05,00,000

FURTHER RESOLVED THAT the amount to be paid on the warrants at the time of allotment shall be at least 10% of the exercise price and the rights attached to them and other terms and conditions of the warrants as may be decided in accordance with SEBI Guidelines and other provisions of the applicable laws by the Board of Directors;

FURTHER RESOLVED THAT the relevant date for the purpose of calculating the exercise price for the warrants under Chapter XIII of SEBI Guidelines is 31st August 2008;

FURTHER RESOLVED THAT the fresh equity shares allotted on conversion of warrants shall rank pari passu in all respects with the existing Equity Shares of the Company;

FURTHER RESOLVED THAT the warrants shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in provided under SEBI Guidelines except to the extent and in the manner permitted there under;

FURTHER RESOLVED THAT the 91,00,000 (ninety one lakh) warrants being allotted to the Promoter group shall be locked in for a period of 3 (Three) years from the date of allotment or up to such extended period as per the provisions of SEBI (DIP) Guidelines for Issue of Shares on Preferential basis, as amended and the 14,00,000 (Fourteen lakh) Warrants being allotted to the Non Promoter group shall be locked in for a period of 1 (One) year from the date of allotment or upto such extended period as per the provisions of SEBI (DIP) Guidelines for Issue of Shares on Preferential basis, as amended;

FURTHER RESOLVED THAT the equity shares already held by the proposed allottees (as per details given below) shall be under lock in from the relevant date for a period of six months from the date of allotment of warrants

S. No.	Name of the Allottees	No of Shares
01.	Punam Chand Rathi	394708
02.	Sushila Rathi	447691
03.	Pradeep Rathi	336072
04.	Sushma Devi Rathi	442373
05.	Udit Rathi	269863
06.	Anirudh Rathi	327482
07.	Saurabh Rathi	162083

Pre Preferential holding of all the proposed Non Promoter allottees is 'NIL'.

FURTHER RESOLVED THAT for the purpose of issue and allotment of the Warrants/ equity shares and listing thereof with the Stock Exchange(s), the Board of Directors be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the Warrants/ Equity shares of the Company, as in the absolute discretion, deem fit and proper.

By order of Board

(NK Garg)

Place: New Delhi

Company Secretary

Date: 02.09.2008

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 forty-eight hours before the commencement of the Meeting.
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. Members who hold shares in dematerialized form are requested to write their client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
5. The Register of Member and Share Transfer books of the Company will remain closed from 26th September 2008 to 30th September, 2008(Both days Inclusive)
6. Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2008 if declared at the meeting will be paid to those members whose name appear in the Register of Members as on 30th September, 2008.
7. As mandated by SEBI, the Company is providing Electronic Clearing Services (ECS) facility to the members whereby members are able to receive their dividend by way of electronic credit directly to their bank account. In the absence of availing of this option by the members, the company shall send warrants for disbursing dividend. Members desiring to avail of this facility are requested to provide the bank detail with photo copy of cheque for verifying the accuracy of Bank detail with MICR code number.
8. The members who are interested to avail of nomination facility may obtain the necessary application form From Registrar & Share Transfer Agent.
9. All Correspondence relating to the transfer and transmission, sub-division of shares, issue of duplicate share certificates, 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 & Share Transfer agent.
10. The queries, if any, on the accounts should be sent to the Company at its registered office such a way that the Company will receive the same at least 10 days before the Annual General Meeting.
11. Pursuant to the recommendation of SEBI committee on Corporate Governance about the 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 Directors' Report.

EXPLANATORY STATEMENT:

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

Item No. 6

Considering his vast experience in the field of HRD and active involvement in to the affairs of the company and keen interest in business activities of the company, the Board of Directors in their meeting held on 30/03/2008 has approved the re-appointment of Shri Prem Narayan Varshney, as a whole time director of the company for a period of Five years w.e.f. 01.04.2008 on a monthly remuneration as prescribed in the above resolution. The remuneration has been fixed in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and subject to approval of the members of the company.

None of the Directors except Shri P. N. Varshney is deemed concerned or interested in the above resolution.

Item No. 7

The Company is on an expansion spree and need to augment long term resources for meeting the funds requirements of existing and new businesses. For this purpose, the Directors of your company intends to mobilize funds through issue of warrants to group of persons belonging to promoters as well as non promoters group by way of preferential allotment.

Since the proposal involves issue and allotment of warrants which will be converted into Equity Shares on preferential basis, thereby increasing the share capital of the company, the approval of members under section 81(1)(A) of the Companies Act is required by means of special resolution.

The proposed Warrant allottees shall pay at least Rs. 2.20 per warrant, being 10% of the subscription price in respect of the Equity Shares that may be allotted upon conversion of the warrants determined in accordance with the SEBI Guidelines, on the date of allotment of Warrants. The Warrant holder has the option to apply for and be allotted Equity Shares of the Company of face value of Rs.10 each at a premium of Rs.12/- per share, in the ratio of 1 (one) Equity Share for every 1 (one) Warrant by paying the balance subscription price after adjusting the upfront payment made on the date of allotment of Warrants at any time before the expiry of 18 months from the date of allotment of the Warrants.

The Company reserves the right to forfeit the amount paid at the time of allotment as per clause 13.1.2.3 (c) of the SEBI Guidelines in case of failure by the warrant holder to apply for and be allotted Equity shares of the Company by paying the balance subscription price after adjusting the upfront payment made before the expiry of the specified period of 18 months.

1. Object of the issue :

The Company is now to embark upon the expansion of its operations. To meet the operational expenses and also to augment long terms resources for meeting out fund requirements of existing and new business and for general corporate purpose including investments, the Directors of the Company intend to mobilize funds through issue of warrants to group of persons belonging to promoter as well as non promoter group by way of preferential allotment.

2. Pricing :

In compliance with the SEBI Pricing Norms, the price is arrived as under on the basis of 31st August 2008 being the relevant date

- * Average of the weekly high and low of the closing price during 6 months preceding the relevant date is Rs. 21.35.
- * Average of the weekly high and low of the closing price during 2 weeks preceding the relevant date is Rs. 21.63.

Higher of the above two is Rs. 21.63 and price on which issue is made should not be lower than Rs. 21.63, Therefore the shares are being issued at Rs.22/- Per share.

The price above is determined on the basis of the quotes available on Bombay Stock Exchange Ltd. (website: bseindia.com)

3. Intention of Promoters/ Directors/ Key Management Persons to subscribe the offer

For meeting the requirement of the funds the promoters are participating in the proposed preferential allotment to the extent of 91,00,000 (Ninety one lacs only) warrants.

4. Relevant Date:

"Relevant Date" for the preferential issue is 31st August 2008 i.e. 30 days prior to the date of meeting of the members of the Company i.e.30th September 2008.

5. Shareholding Pattern of the Company before and after the issue :

The shareholding pattern of the company before and after the Conversion of the Warrants proposed to be issued is as under:

Sr.No.	Category	Pre Issue as on 30.06.08)		Post Issue after conversion of warrants	
		No. of shares held	% of share share holding	No. of shares held	% of share holding
A	Promoters' holding :				
1	Indian :				
	Individual	7971861	32.80	8671861	24.91
	Bodies Corporate	2063060	08.49	10463060	30.06
	Sub Total	10034921	41.29	19134921	54.97
2	Foreign Promoters	Nil	Nil	Nil	Nil
	Sub Total (A)	10034921	41.29	19134921	54.97
B	Public holding:				
1.	Institution:				
	Financial Institutions/ Banks	2981254	12.26	2981254	8.56
	Mutual Funds	751245	03.10	751245	2.16
2.	Non-Institution:				
	Bodies Corporate	2127330	08.75	3527330	10.13
	Indian Public	7889279	32.45	7889279	22.67
	Clearing Members	214649	0.88	214649	0.62
	NRI	309433	01.27	309433	0.89
	Sub Total(B)	14273190	58.71	15673190	45.03
	GRAND TOTAL	24308111	100.00	34808111	100.00

Note: Shareholding pattern has been prepared on the assumption that all the warrants will be converted into equity shares before the expiry of 18 months of the allotment of warrants.

6. Proposed time within which the allotment shall be completed

The Board proposes to allot the warrants within a period of 15 days from the date of passing of this resolution by the shareholders or within 15 days from the date of approval of any regulatory authority, whichever is later.

7. The identity of the proposed allottees and the percentage of the preferential issue that may be held by them:

S. No.	Name of the Proposed Allottees	Category	Pre-Issue Shareholding		Number of Warrants	Post Issue shareholding After conversion of warrants	
			No. of shares	%		No. of shares	%
	Promoter and Promoter Group:						
1	Punam Chand Rathi	Promoter	394708	1.62	100000	494708	1.42
2	Sushila Rathi	Promoter	447691	1.84	100000	547691	1.57
3	Pradeep Rathi	Promoter	336072	1.38	100000	436072	1.25
4	Udit Rathi	Promoter	269863	1.11	100000	369863	1.06
5	Anirudh Rathi	Promoter	327482	1.35	100000	427482	1.23
6	Saurabh Rathi	Promoter	162083	0.67	100000	262083	0.75
7	Sushma Devi Rathi	Promoter	442373	1.82	100000	542373	1.56
8	Archit Securities P. Ltd	Promoter group	NIL	Nil	4200000	4200000	12.07
9.	DBG Leasing And Housing Ltd.	Promoter group	Nil	Nil	4200000	4200000	12.07
	Strategic Investors/others						
10.	Modern Ferro Alloys P. Ltd	Non Promoter	Nil	Nil	700000	700000	2.01
11.	A D Suppliers P. Ltd	Non Promoter	Nil	Nil	700000	700000	2.01

8. CONSEQUENTIAL CHANGES IN THE VOTING RIGHTS

Voting rights will change in tandem with the shareholding pattern.

9. Auditors' Certificate :

M/s. M. Lal & Co. Chartered Accountants, being the Statutory Auditors of the Company has certified that the preferential issue is being made in accordance with the requirements contained in SEBI (Disclosure and Investor Protection) Guidelines, 2000. A copy of the certificate will be laid before the meeting of the shareholders.

10. Lock-in

The Warrants allotted to persons mentioned as Promoters in Pt.7 above will be locked in for a period of Three Years and the Warrants allotted to persons mentioned as Non Promoters in Pt.7 above will be locked in for a period of one Year or such as per the applicable provisions of SEBI DIP Guidelines. After the Lock in period, the Equity Shares shall be freely transferable.

11. Change in Management:

The issue of Equity shares will not result in any change in the management or control of the Company.

In terms of provisions of the Companies Act, 1956, consent of the members is sought under Section 81(1A) of the Companies Act, 1956, for the offer, issue and allotment of the said securities, as detailed in the resolution. The Board may be authorized to issue the Equity shares, in accordance with the terms of offer, as detailed in the resolution and to take necessary actions without any limitation for implementation of the resolution.

None of the Director except Shri Punam Chand Rathi and Shri Pradeep Rathi is interested in the said resolution.

The Board of Directors recommend the resolution for the approval of the shareholders.

By order of Board

Place: New Delhi
Date: 02.09.2008

(NK Garg)
Company Secretary

DIRECTORS' REPORT

The directors have pleasure in presenting the 37th Annual Report together with the audited Accounts of the company for the year ended 31st March, 2008.

FINANCIAL RESULTS

PARTICULARS	Year Ended 31 st March 08 (Rs. In Lacs)	Year Ended 31 st March 07 (Rs. In Lacs)
Sales	53728.42	39948.11
EBITDA	2395.00	1823.87
Interest	889.40	419.17
Depreciation	457.63	328.99
Profit Before Tax(PBT)	1047.97	1075.70
Net Profit After Tax(PAT)	858.84	710.29
Dividend and Dividend Tax	142.20	142.20

DIVIDEND

Keeping in view the future plans for expansion and the need to conserve resources, your directors are pleased to recommend a dividend of 5% on equity shares for the year 2007-08.

PERFORMANCE REVIEW

The gross sales for the financial year under review were Rs. 537.28 crores as against Rs. 399.48 crores for the previous financial year registering an impressive growth of 34.50 %. EBITDA of Rs. 23.95 crores for the financial year under review as against Rs. 18.24 crores for the previous financial year improved by 31.30%. Net profit stood at Rs. 858.84 lakhs, as against Rs. 710.29 lakhs for the previous financial year.

During the year under review, Phase – I of Integrated Steel Complex at Orissa was successfully commissioned. The company has commissioned a Sponge Iron Kiln, 4 Induction Furnaces and 20 MW Power Plant at its Integrated Steel Complex. Commercial production has already commenced.

FUTURE OUTLOOK:

In 2007 the World Crude Steel output reached 1343.5 million metric tons and showed a growth of 7.5% over the previous year. It is the fifth consecutive year that world crude steel

production grew by more than 7%. China remained the world's largest Crude Steel producer in 2007 also (489.00 million metric tons) followed by Japan (112.47 million metric tons) and USA (97.20 million metric tons). India occupied the 5th position (53.10 million metric tons) for the second consecutive year. The International Iron & Steel Institute (IISI) in its forecast for 2008 has predicted that 2008 will be another strong year for the steel industry with apparent steel use rising from 1,202 million metric tonnes in 2007 to 1,282 million metric tonnes in 2008 i.e. by 6.7%. Further, the BRIC (Brazil, Russia, India and China) countries will continue to lead the growth with an expected increase in production by over 11% compared to 2007.

The Indian steel industry have entered into a new development stage from 2005-06, riding high on the resurgent economy and rising demand for steel. Rapid rise in production has resulted in India becoming the 5th largest producer of steel. The demand for steel will continue to grow in traditional sectors such as infrastructure, construction, housing automotive, steel tubes and pipes, consumer durables, packaging, and ground transportation. It has been estimated by certain major investment houses, such as Credit Suisse that, India's steel consumption will continue to grow at nearly 16% rate annually, till 2012, fuelled by demand for construction projects worth US\$ 1 trillion. The scope for raising the total consumption of steel is huge, given that per capita steel consumption is only 40 kg – compared to 150 kg across the world and 250 kg in China. The National Steel Policy has 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, Ministry of Steel has projected that the steel capacity in the country is likely to be 124.06 million tonnes by 2011-12. Further, based on the status of MOUs signed by the private producers with the various State Governments, it is expected that India's steel capacity would be nearly 293 million tonnes by 2020.

The company's endeavour shall be to maintain its leadership position in long segment of steel products and enhance its production capacity both in Orissa and Ghaziabad. The company believes that there is a huge potential in Orissa project and has therefore planned expansion of capacities in a phased manner besides setting up a rolling mill. We are pleased to inform that your company has received letter of allotment of a coal mine in the state of Chhattisgarh. Further the company is also in the process of tying up for coal on long term linkage basis with Coal India Limited for Orissa project.

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 Articles of Association of the Company, Shri Dwarka Das Lakhota and Shri P.N.Varshney 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 they are eligible for reappointment as Directors of the company.

AUDITORS AND AUDITOR'S REPORT

M/s M. Lal & Co., Chartered Accountants hold office until the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed that their re-appointment, if made, would be in conformity with the limits 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 call for any further comments.

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 the companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sub Section 217(2AA) of the Companies Act, 1956, the board of directors of the company confirms :

- (i) That in the preparation of the annual accounts for the financial year ended 31st March 2008, the applicable accounting standards have been followed along with proper explanations relating to material departure.
- (ii) That the selected accounting policies were applied consistently and the directors made judgments 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 2008 and of the profit 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 and
- (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 at the Delhi Stock Exchange Limited (DSE) and the Bombay Stock Exchange Limited (BSE). The Company has duly paid the listing fees to both the exchanges.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with 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's Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with Stock Exchange is presented in a separate section forming part of the Annual Report.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Pradeep Rath
Managing Director

Punam Chand Rath
Director

Place: New Delhi
Date: 02.09.2008

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2008.

A. CONSERVATION OF ENERGY

The company has taken a number of steps to improve the conservation of energy by increasing the efficiency of raw material inputs, by reducing /eliminating consumption wastages. Conservation of energy and improving the efficiency of existing resources are continuing process and form an integral part of responsibilities of departmental heads. Various steps taken in this direction are as follows:

(a) Energy conservation measures taken:

- * Installation of Waste Heat Recovery Boiler at Orissa. It uses waste hot gases from DRI Kiln and produces 10 MW of Power.
- * Installation of 33KV capacitor bank to reduce losses in line and to maintain P.F.
- * Installation of capacitors 415V to reduce losses.
- * Installation of Recuperator on the reheating furnace.
- * Increased rolling speed of mill no.1 by 20% for all the sections to optimize the capacity utilization, thus reducing specific consumption of energy.
- * Zone temperature control of reheating furnaces with the help of automatic Air\Fuel control system.
- * Addition of LT capacitors on mill drivers of Mill No. 2

- * Use of high voltage for high capacity motors.
- * Use of centralized chiller in place of window ACs.
- * Optimization of capacity utilization, thus reducing specific consumption of energy.
- * Optimization of pump and motor operations through standard operating practices.
- * Strict control of quality inputs, thus saving in electricity consumption
- * Minimization of handling losses.

(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy: Shall be implemented as and when need arises.

(c) Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

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

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNING AND OUTGO

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

(b) Total foreign Exchange used and earned

	2007-08	2006-07
Used	38891885	44707914
Earned	23390445	22518092