

OUR TRIBUTE TO THE FOUNDER



LATE SHRI PUNAM CHAND JI RATHI

(1934 – 2010)

A great visionary, innovator and entrepreneur of extraordinary abilities.

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

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

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

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

BOARD OF DIRECTORS

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

COMPANY SECRETARY

N. K. Garg

AUDITORS

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

LEGAL ADVISOR

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

BANKERS

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

WORKS:

Unit No. 1

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

Unit No.2

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

REGISTRAR &
SHARE TRANSFER AGENT

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

NOTICE

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

ORDINARY BUSINESS:

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

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

SPECIAL BUSINESS:

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

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

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

"Resolved that pursuant to the provisions of

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

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

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

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

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

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

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

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

For Rath Steel And Power Limited
Sd/-

Place: New Delhi

NK Garg

Date: 23/08/2011

Company Secretary

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting is annexed hereto.
3. Members are requested to bring their attendance slip along with their copy of Annual report to the meeting.
4. Members who hold shares in dematerialized form are requested to write their client ID and DP ID and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
5. The Register of Members and Share transfer books of the Company will remain closed from 25th September 2011 to 30th September 2011 (both days inclusive)
6. Dividend on equity shares as recommended by the Board for the financial year ended on 31st March

2011 if declared, at the meeting will be paid to those members whose name appear in the Register of Members as on 30th September 2011.

7. As mandated by SEBI, the Company is providing Electronic Clearing Services (ECS) facility to the members whereby members are able to receive their dividend by way of electronic credit directly to their Bank account. In the absence of availing of this option by the members, the Company shall send warrants for disbursing dividend. Members desiring to avail of this facility are requested to provide the bank detail with photo copy of cheque for verifying the accuracy of Bank detail with MICR code number.
8. The members who are interested to avail the nomination facility may obtain the necessary application form from Registrar and Share Transfer agent of the Company.
9. All correspondence relating to the transfer and transmission, sub-division of shares, issue of duplicate share certificate, change of address, dematerialization of shares, payment of dividend etc. will be attended at the registered office of the Company and shall be processed at the office of the Registrar and Share Transfer agent.
10. The queries, if any, on the accounts should be sent to the Company at its registered office such a way that the company will receive the same at least 10 days before the Annual General Meeting.
11. Pursuant to the recommendation of SEBI committee on corporate governance about re-appointment of the retiring Directors, the relevant detail of the concerned directors are given in the report on Corporate Governance form part of the Director's Report.

EXPLANATORY STATEMENT:

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

ITEM NO.5

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

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

ITEM NO. 6

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

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

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

ITEM No. 7

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

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

ITEM NO. 8

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

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

ITEM NO. 9

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

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

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

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

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

For Rathi Steel And Power Limited
Sd/-

Place: New Delhi
Date: 23/08/2011

NK Garg
Company Secretary

DIRECTORS' REPORT

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

FINANCIAL RESULTS

(Rs. In Lacs)

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

DIVIDEND

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

PERFORMANCE REVIEW

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

FUTURE OUTLOOK

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

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

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

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

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

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

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

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

PUBLIC DEPOSITS:

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

DIRECTORS:

In terms of Article 116 of the Articles of Association of the Company, Shri Shree Kumar Daga, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. He has confirmed that he has not incurred any disqualification under section 274(1)(g) of the Companies Act, 1956 and is eligible for reappointment as Director of the Company.

AUDITORS AND AUDITOR'S REPORT:

M/s M.Lal & Co., Chartered Accountants hold office until the conclusion of the ensuing 40th Annual General Meeting and are eligible for re-appointment. They have confirmed that their appointment, if made, would be in conformity with the limit prescribed under section 224(1B) of the Companies Act, 1956. The notes to the accounts referred to in by the Auditors are self explanatory and therefore do not calls for any further comment.

COST AUDITORS:

The Board of Directors had approved the appointments of Messrs R.M.Bansal & Co., Cost Accountants, Kanpur to conduct the Cost Audit for the year ending on 31st March, 2012.

PARTICUALRS OF EMPLOYEES:

During the year under review there was no employee falling under the terms of section 217(2A) of

the Companies Act, 1956 read with Companies (Particulars of Employee) Rules 1975.

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

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

DIRECTOR RESPONSIBILITY STATEMENT:

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

- (i) That in preparations of the annual accounts for the financial year ended 31.03.2011 the applicable accounting standards had been followed along with proper explanations relating to material departure.
- (ii) That the selected accounting policies were applied consistently and judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2011 and of the profit or loss of the company for the year ended on that date.
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the annual accounts of your company have been prepared on going concern basis.

LISTING OF SHARES:

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

CORPORATE GOVERNANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis Report for the year under review, as per clause 49 of the Listing

Agreement with the Stock Exchange is presented in a separate section, forming part of Annual Report.

INDUSTRIAL RELATIONS:

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

ACKNOWLEDGEMENT:

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

For Rath Steel And Power Limited

Sd/-

Prem Narayan Varshney
Whole Time Director

Sd/-

Pradeep Rath
Managing Director

Place: New Delhi

Date: 23/08/2011

ANNEXURE TO THE DIRECTOR'S REPORT:

INFORMATION AS PER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) REPORT 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2011.

(1) CONSERVATION OF ENERGY:

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

(A) Energy conservation measure taken:

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

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

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

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

(2) TECHNOLOGY ABSORPTION:

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

(3) FOREIGN EXCHANGE EARNING AND OUTGO:

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

(b) Total foreign exchange used and earned

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

FORM A

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

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

FORM –B

Disclosure of Particulars with Respect to Technology Absorption

A. Research and Development

The Company is doing in house R&D activities to

improve operational efficiencies and yield of its products.

B. Technology Absorption Adaptation & Innovation

- (1) Efforts in brief, made towards technology absorption and innovation. - The company has always tried to adopt the best and latest