

| | |
|-------------------------------------|---|
| BOARD OF DIRECTORS | Shri Pradeep Kumar Rathi Shri Prem Narain Varshney Shri Shree Kumar Daga Shri Dwarka Das Lakhotia |
| CHIEF FINANCIAL OFFICER (CFO) | Shri Atul Agarwal |
| COMPANY SECRETARY | Shri Manish Sinha |
| AUDITORS | M/s M. Lal & Co. (Chartered Accountants) III-A, 49 Nehru Nagar Ghaziabad (U.P.) Pin- 201001 |
| LEGAL ADVISOR | Mr. Shiv Khurana, Advocate F-7, Second Floor Lajpat Nagar-III New Delhi- 110024 |
| BANKERS | Bank of Baroda Canara Bank Syndicate Bank State Bank of India Dena Bank Karur Vyasa Bank Limited Corporation Bank |
| REGISTERED OFFICE | 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 42nd Annual General Meeting of the members of Rath Steel And Power Limited will be held on Monday, the 30th day of September 2013 at KDM Hotels & Resorts Pvt. Ltd (BULBUL) A-4, Mohan Cooperative industrial Estates Mathura Road New Delhi-110044 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 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 Dwarka Das Lakhotia, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an ordinary resolution.

"Resolved that 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."

SPECIAL BUSINESS:

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

Resolved that the Report of Board of Directors of the Company to the shareholders on erosion of more than 50% of the peak net worth of the Company during immediately preceding four financial years as per the duly finalized audited accounts of the company for the financial year ended 31st March 2013 and the causes for such erosion as required under section 23(1) (ii) of the Sick Industrial Companies (Special Provisions) Act, 1985 be and hereby considered and approved.

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

For Rath Steel And Power Limited

Sd/-

Place: New Delhi

(Manish Sinha)

Date: 04/09/2013

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 him-self and the proxy need not be a member of the Company. The instrument appointing the proxy should, however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

2. An explanatory statement 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 2013 to 30th September 2013 (both days inclusive).
6. The members who are interested to avail the nomination facility may obtain the necessary application form from Registrar and Share Transfer agent of the Company.
7. All correspondence relating to the transfer and transmission, sub-division of shares, issue of duplicate share certificate, change of address, dematerialization of shares, payment of dividend etc. will be attended at the registered office of the Company and shall be processed at the office of the Registrar and Share Transfer agent.
8. The queries, if any, on the accounts should be sent to the Company at its registered office such a way that the company will receive the same at least 10 days before the Annual General Meeting.
9. Pursuant to the recommendation of SEBI committee on corporate governance about re-appointment of the retiring Directors, the relevant detail of the concerned directors are given in the report on Corporate Governance form part of the Director's Report.

EXPLANATORY STATEMENT:

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

ITEM NO.5

As the members are aware that the accumulated loss of the company as per duly finalized audited accounts as on 31st March 2013 is Rs.158.47 Crores which has resulted in erosion of more than 50% of its peak net worth during the immediately preceding four financial years. As such, the provisions of the Sick industrial Companies (Special Provisions) Act, 1985 are applicable to the Company.

Pursuant to provisions of Section 23 of the aforesaid act, every company whose accumulated losses have resulted in erosion of 50% or more of its peak net worth during the immediately preceding four financial years, has to report the fact of such erosion to the Board for Industrial and Financial Reconstruction (BIFR) and hold a general meeting of the shareholders for considering such erosion within 60 days from the date of finalization of the duly audited accounts of the company for the relevant financial year. Therefore the matter has been conveyed to consider and approve.

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

For Rath Steel And Power Limited

Sd/-

Place: New Delhi

(Manish Sinha)

Date: 04/09/2013

Company Secretary

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

To
The Members
Rathi Steel And Power Limited

As per duly finalized audited accounts at the end of the financial year as on 31st March 2013 the accumulated losses as on the date amounted to Rs. 11004.82 Crores which eroded the peak net worth of Rs. 188.29 Crores in the preceding four financial years i.e. 31st March 2012 by more than 50%. Under section 23(1) (a) and 23(1) (b) of the Sick Industrial Companies (Special Provisions) Act, 1985 the Company is required, within a period of 60 days from the date of finalization of the duly finalized audited accounts of the company for the relevant financial year, to report the facts of such erosion to The Board for Industrial and Financial Reconstruction (BIFR). The Board of Directors of the Company is also required to inform its shareholders the fact of such erosion with cause of such erosion by holding a general meeting of the shareholders of the Company for considering such erosion and hence this report.

REASONS FOR EROSION OF 50% OF PEAK NET WORTH

Primary reasons for erosion of 50% of the peak net worth of the Company as at 31.03.2012 by the accumulated losses as on 31st March 2013 are as under:

- a) Increase in Raw material prices without a corresponding increase in finished goods prices.
- b) Scarcity of key RM (mainly iron ore) due to restriction on mining of iron ore. Only 8-10 iron ore mines were operational in Orissa during larger part of FY-13 due to various regulatory issues.
- c) Increase in energy cost.
- d) Increase in other costs/overhead e.g. freight, water charges etc.
- e) High financial cost.
- f) Unabsorbed fixed overheads due to lower operating levels.
- g) Slowdown in sectors which are key consumers of Iron & Steel viz. real estate, infrastructure, auto etc. As per the Society of Indian Automobile Manufacturers (SIAM), the passenger car sales declined to 1.89 million units in 2012-13 from 2.03 million a year earlier pointing to a marked decline in automobile sector. Further, there has been significant slowdown in real estate sector due to high interest rate and high prices. The demand from infrastructure sector has also decreased due to subdued growth in the sector resulting from decrease in government spending in view of high fiscal deficit.
- h) Contraction in margins due to inability of the major steel suppliers and even RSPL to pass on the increase in RM cost to the customers due to depressed market scenario.
- i) The company continued production at its Orissa unit even with operational losses due to repeated assurances from the State Government for opening of mines and sudden closure of plant would have led to administrative / labour issues. Further, the Company did not thought it prudent to stop production due to high shutdown & restart cost associated with an integrated steel plant and belief in expected turnaround in the situation. However, the Company decided to stop production at Orissa unit in January 2013 due to prolonged problems.

STEP TAKEN FOR REVIVAL OF THE COMPANY

Generally speaking all Steel producers who do not have captive mines of Iron Ore and Coal have been suffering. The management of your company has been mulling various options for revival of the company and deciding on the strategy to turn around the company although everything is not in the hands of the company. One such step in this direction is substitution of iron ore with pellets. Recently, the Central Government has introduced duty on export of Iron ore fines, which has resulted in reduction in export from 25 million tons earlier to 3 million tons. Due to this, there has been improvement in availability of Iron ore fines for conversion to pellets. Further, there are many pellets plants which are expected to come online in the next 6-12 months. This will in turn reduce the dependence of industry on sized ore and will in-fact be a new source of raw material, thus increasing the overall availability substantially. With this new source of raw material not only the availability of will increase but prices will also come down to normal level. Most of these plants are either merchant plants or their capacity is more than what is required by them captively for their own consumption. This will further increase the availability of raw material.

Due proactive steps taken by the State Governments and favourable Supreme Court verdict in Karnataka the mining sector is slowly limping back to its normal operational level. Further, Orissa Government has also taken proactive steps and has recently allowed restart of mining in some of the mines, which is expected to alleviate the scarcity of raw material.

In the previous years of operations, the Company has never witnessed such a problem and FY-13 has been an exceptional year due to major demand-supply mismatch and monopolistic position of mine owners. As a strategy, the Company plans to use pellets in case supply of good quality Iron ore is not resumed in near future. The yield from Pellets is higher than yield from poor quality material.

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

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

DIRECTORS' REPORT

The Directors have pleasure in presenting the 42nd Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2013.

FINANCIAL RESULTS

(Rs. In Lacs)

| Particulars | Year ended 31st March 2013 (Rs. In Lacs) | Year ended 31st March 2012 (Rs. In Lacs) |
|---------------------------|---|---|
| Sales | 80843.18 | 93665.84 |
| EBITDA | (8038.40) | 8276.42 |
| Interest | 5320.88 | 5003.43 |
| Depreciation | 2207.40 | 2255.73 |
| Profit before Tax (PBT) | (15566.67) | 1017.26 |
| Profit after Tax (PAT) | (11004.82) | 1238.00 |
| Dividend and Dividend Tax | NIL | NIL |

DIVIDEND

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

PERFORMANCE REVIEW

The sales for the financial year under review were Rs.808 Crore as against 937 Crore for the previous financial year. The operational performance of the Company has been comprehensively covered in the Management Discussion and Analysis report.

FUTURE OUTLOOK / PROSPECTS:

The Indian economy has been impacted due to concerns in the developed economies. Unlike the situation post 2008, wherein the Indian economy witnessed considerable resilience to the global economic slowdown, and was able to recover strongly the impact this time is of higher magnitudes due to policy related issues.

Driven by policy log jam, the industrial sector was plagued by a slowdown in demand and consumption in 2012-13. World crude steel production for the 62 countries reporting to the World Steel Association was 132 MT in April 2013, an increase of 1.2% compared to April, 2012 and accounted for more than 98% of world crude steel production. The average capacity utilization ratio in 2012 was 78.8% compared to 80.7% in 2011.

With the steady decline in the domestic economy's growth rate, the Indian steel industry's pace of growth slowed down and in terms of all the performance indicators.

A report by Bank of America-Merrill Lynch suggests domestic steel outlook to remains weak with lesser possibility of turnaround in the current financial year. Offering a negative outlook, the report blames it on demand slowdown from key industries like construction, auto and infrastructure, keeping margins of steel firms under pressure. A fall in the value of the rupee has further complicated matters for the Reserve Bank to reduce policy rates, creating fear of delaying the process of economic recovery. The report also points out

that while demand for steel products remains low; many delayed steel projects are due for commissioning during this fiscal leading to overcapacity.

The Indian economy's outlook for 2013-14 can be viewed as cautiously optimistic. It is expected that the domestic steel industry will continue to be under pressure over the short term. Domestic steel demand is expected to be muted and profit margins in financial year 2013-14 to remain broadly similar to the financial year 2012-13. This is mainly due to persistent high cost of steel production. Though the Steel demand was low in 2012-13 due to continuing economic crisis, however, spurt in demand is expected in 2014- 15.

The Government of India has planned to invest about Rs.56.32 lakh crore in infrastructure during the 12th Five Year Plan period 2012-17. This will augur well for the industry.

Your company reasonably believes that the turbulent conditions during the year under review, which did not allow the potential of the operations to be fully realized, will not be a lasting phenomenon.

CORPORATE DEBT RESTRUCTURING:

In the wake of adverse business environment and severe liquidity crunch, your Company has applied for restructuring of its debts. The Restructuring proposal has since been admitted in the CDR cell. Final Approval from CDR Empowered Group/CDR Cell is yet to be received.

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 Dwarka Das Lakhotia, 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 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 appointment, if made, would be in conformity with the limit prescribed under section 224 (1B) of the Companies Act, 1956. The Auditors' observation in para 10 of the Annexure to the Auditor's Report that the Company has incurred cash losses as at 31st March 2013 and accumulated losses of the Company at the end of the year are more than 50% of its net worth is self explanatory and does not require any further comments from the Directors.

With respect to Auditors observation under para 11 of the Annexure to the Auditors' Report, your Directors wish to inform you that the delay in repayment of principal of Rs. 10.45 Crores, interest of Rs. 9.36 Crores and bills Crystallized Rs. 50.57 Crores for the period from 01.12.2012 to 31.03.2013 were due to severe liquidity crisis being faced by the Company on account of continued losses incurred during the year, further aggravated by the delay in receipt of

expected cash flows on time.

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, 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.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) That in preparations of the annual accounts for the financial year ended 31.03.2013 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 2013 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.

CHIEF FINANCIAL OFFICER:

Shri Atul Agarwal had been appointed as Chief Financial Officer of the Company effective from 08-10-2012.

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

Place: New Delhi
Date: 04/09/2013

Sd/-

Pradeep Kumar Rathi
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT:

INFORMATION AS PER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) REPORT 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2013.

(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. Studying the feasibility of adding automatic power factor correction system to bring the power factor up to unity to bring down the energy consumption.

(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.

(E) New fuel system of bigger capacity for AOD and induction furnace is under erection / execution. This will enable to control the pollution level well below the norms prescribed by Central / State Pollution Control Board.

(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

| | 2012-13 | 2011-12 |
|--------|--------------|--------------|
| | Amount (Rs.) | Amount (Rs.) |
| Used | 44,04,50,284 | 52,96,18,950 |
| Earned | Nil | Nil |

FORM A

| S. No. | PARTICULARS | | |
|--------|---|--------------|---------------|
| A. | Power and Fuel Consumption | Current Year | Previous year |
| 1. | ELECTRICITY | | |
| | Ghaziabad Unit | | |
| | (a) Purchase Units | | |
| | (i) Rolling Mill Unit (A-3) | 15989878 | 17357450 |
| | (ii) SMS Unit (C-4) | 19412605 | 24034800 |
| | (b) Total Amount (In Rs.) | | |
| | (i) Rolling Mill Unit (A-3) | 96565217 | 87392052 |
| | (ii) SMS Unit (C-4) | 109754462 | 108951545 |
| | (c) Rate / Unit | | |
| | (i) Rolling Mill Unit (A-3) | 6.14 | 5.03 |
| | (ii) SMS Unit (C-4) | 5.65 | 4.53 |
| | Orissa Unit | | |
| | (a) Purchase Units (KWH) | 3103357 | 3031020 |
| | (b) Total Amount (In Rs.) | 28682900 | 24982421 |
| | (c) Rate / Unit | 9.24 | 8.24 |
| | Own Generation | 51785000 | 84310000 |
| 2. | GAS & FUELS | | |
| | (a) Natural Gas / Furnace Oil (SCM / Litre) | 5229671 | 6063323 |
| | (b) Natural Gas Rs./ SCM | 31.86 | 23.38 |
| | (c) FO Rs. / Liter | 53.74 | 52.42 |
| 3. | OTHER GENERATION | NIL | NIL |
| B. | CONSUMPTION PER MT OF PRODUCTION | | |
| | Ghaziabad Unit | | |
| | Finished Production (MT) | | |
| | (i) Rolling Mill Unit (A-3) | 101844 | 101330 |
| | (ii) SMS Unit (C-4) | 39308 | 47370 |
| | Electricity (in unit) | | |
| | (i) Rolling Mill Unit (A-3) | 157.00 | 171.30 |
| | (ii) SMS Unit (C-4) | 493.86 | 507.38 |
| | Natural Gas / FO (SCM / Litre) | 51.35 | 59.84 |
| | Orissa Unit | | |
| | Production Billet (MT) | 311124 | 52816 |
| | Electricity (KWH) | 996.31 | 919.18 |

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, 2013 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: 04/09/2013

CERTIFICATE BY MANAGING DIRECTOR AND CHIEF FINANCE OFFICER (CFO)

We, Pradeep Kumar Rathi, Managing Director, Atul Agarwal, Chief Financial Officer (CFO) certify that:-

- (1) We have reviewed financial statements and the cash flow statements for the year ended 31st March 2013 and that to the best of our knowledge and belief:-
 - (i) These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- (2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (3) We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify the indemnified deficiencies and
- (4) We have informed the auditors and the Audit Committee of:-
 - (i) Significant changes in internal control over financial reporting during the year.
 - (ii) Significant changes in accounting policies during the year and that the same have disclosed in the notes to the financial statements and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or and employee having a significant role in the Company's internal control system over financial reporting.

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

Sd/-

Atul Agarwal
CFO

Sd/-

Pradeep Kumar Rathi
Managing Director

Place: New Delhi
Date: 04/09/2013

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 2013 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/-

Place: New Delhi

Date: 04-09-2013

M. L. Agarwal

M. No. 11148

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2012-13 (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 2013)

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 2013 the Company has 4 Directors on its Board, of which 2 Directors are independent. The number of Non-executive Directors is equal to 50% of the total number of Directors. The Company is in compliance with the recent amendment / development of Clause 49 of the Listing Agreement pertaining to composition of Board of Directors.

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

| Director's Name | Designation | Category | Directorship | | No. of Committees | |
|---------------------------|---------------------|-------------------------------|--------------|---------|-------------------|----------|
| | | | Public | Private | Member | Chairman |
| Shri Pradeep Kumar Rathi | Managing Director | Executive and Non Independent | 03 | 01 | Nil | Nil |
| Shri Prem Narain Varshney | Whole Time Director | Executive and Non Independent | Nil | Nil | Nil | Nil |
| Shri S K Daga | Director | Non Executive and Independent | 01 | Nil | Nil | Nil |
| Shri Ranjit Khattar* | Director | Non Executive and Independent | 01 | 02 | Nil | Nil |
| Shri Dwarka Das Lakhota | Director | Non Executive and Independent | Nil | Nil | Nil | Nil |

*Resigned from 21st January 2013.

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

Shri Dwarka Das Lakhota, aged 40 years, holds a master degree in Commerce from Meerut University and has more than 19 years of experience in the field of accounting and marketing. He has been on our Board of Directors as a Non Executive and independent Director since March 2003.

did not exceeds four months. The date on which the Board meeting were held as follows:

27th April 2012, 21st May 2012, 15th June 2012, 27th August 2012, 08th October 2012, 22nd February 2013 and 09th March 2013. All the Meetings were held at the registered office of the Company.

(C) Details of Board Meeting held during the financial year 2012-13

7(Seven) Board meeting were held during the financial year 2012-13 and the gap between two Board meeting

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

The last (41st) Annual General Meeting was held on 29th September 2012. The attendance at Board Meeting during the year and at the 41st 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 | 7 | 7 | No |
| Shri P. N. Varshney | 7 | 7 | Yes |
| Shri D.D.Lakhota | 7 | 6 | No |
| Shri S. K. Daga | 7 | 6 | No |
| Shri Ranjit Khattar* | 7 | 3 | No |

*Resigned from 21st January 2013.

3. AUDIT COMMITTEE:

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

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

| Date of Meeting | 21-05-2012 | 27-08-2012 | 22-02-2013 |
|------------------------|------------|------------|------------|
| Shree Kumar Daga | Yes | Yes | Yes |
| Dwarka Das Lakhota | Yes | Yes | No |
| Ranjit Khattar* | Yes | No | No |
| Prem Narain Varshney** | | | Yes |

*Resigned from 21st January 2013.

**Appointed w.e.f. 22nd February 2013.

4. Remuneration Committee:

The Remuneration committee comprise of Independent Director in compliance of Clause 49(IVE) of the Listing Agreement. Shri Dwarka Das Lakhota is the Chairman of the Committee and Shri Shree Kumar Daga and Shri Prem Narain Varshney are the other member of the Committee.

5. Details of remuneration of Whole Time Directors:

(a)

(Amount in Rs.)

| | |
|---------------------------|-----------|
| Shri Pradeep Kumar Rathi | 24,00,000 |
| Shri Prem Narain Varshney | 2,14,320 |

(b) Period of contract

| | |
|--------------------------|-----------------------|
| Shri Pradeep Kumar Rathi | 5 years from 01-08-09 |
|--------------------------|-----------------------|

(c) Detail of Director's Shareholding

| Name | No. of Shares |
|---------------------------|---------------|
| Shri Pradeep Kumar Rathi | 675736 |
| Shri Prem Narain Varshney | 200 |
| Shri Dwarka Das Lakhota | Nil |
| Shri Ranjit Khattar | Nil |
| Shri Shree Kumar Daga | Nil |

6. Investor's Grievances Redressal Committee

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

7. Status of complaints for the period 01st April 2012 to 31st March 2013

| | |
|---------------------------------------|-----|
| Number of complaints- opening Balance | Nil |
| Complaints received during the year | 25 |
| Complaints resolved during the year | 25 |
| 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 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. |
| 29th Sep 2012 | 41th AGM | Little Theatre Group, Next to Kamani Auditorium Copernicus Marg New Delhi- 110001 | 10.00 a.m. |

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

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