

**43RD  
ANNUAL - REPORT  
2013-2014**

# **Rathi Steel and Power Ltd.**

**BOARD OF DIRECTORS**

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

**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**

Chauhan Market, Madanpur Khadar,  
Near Local Shopping Complex,  
Pocket- D & E, Sarita Vihar,  
New Delhi-110076  
Ph: 011- 26991060-62  
Fax: 011-26991063  
Web Site: <http://www.rathisteelandpower.com>

**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  
Odisha 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](mailto:info@masserv.com)

## NOTICE

Notice is hereby given that the 43rd Annual General Meeting of the members of Rathi Steel And Power Limited will be held on Tuesday, 30th day of September 2014 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 2014 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 Mr. Prem Narain Varshney (DIN: 00012709) who retires by rotation and being eligible offers himself for reappointment.
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 of M/s M. Lal & Co, Chartered Accountants (Registration No. 011148), be and are hereby re-appointed as Auditors of the Company to hold office for a period of 3(three) years until the conclusion of the 46th Annual General Meeting on such remuneration to be decided by the Board of Directors/Audit Committee of the Company."

### SPECIAL BUSINESS:

4. To appoint Shri S.K. Daga (DIN: 00208058) an independent director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other provision of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rule 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the listing agreement, Shri S.K. Daga (DIN: 00208058) who was appointed as Independent director liable to retire by rotation and whose term expire at this AGM and in respect to whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the date AGM for 31st March 2019."

5. To appoint Shri Dwarka Das Lakhotia (DIN: 00012380) an independent director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other provision of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rule 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the listing agreement, Shri Dwarka Das Lakhotia (DIN: 00012380) who was appointed as Independent director liable to retire by rotation and whose term expire at this AGM and in respect to whom the Company has received a notice in writing under section 160 of the Companies

Act, 2013 from member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the date AGM for 31st March 2019."

6. To re-appoint Shri Pradeep Kumar Rathi (DIN: 00012596) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provision of 196,197 and 203 read with Schedule V and all the applicable provision of the Companies Act,2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Pradeep Kumar Rathi (DIN: 00012596) as Managing Director of the company, for a period of 5 (five) years with effect from 01/08/2014, on the terms and conditions including remuneration as set out in the statement annexed to the notice convening this meeting, with liberty to the Board of Directors and remuneration committee of the Board to alter and vary the terms and condition of the said re-appointment and /or remuneration as may deem fit and as may be acceptable to Shri Pradeep Kumar Rathi subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the resolution."

7. To appoint Shri Prem Narain Varshney (DIN: 00012709) as Whole time Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED FURTHER that pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company, be and is hereby accorded to the appointment of Shri Prem Narain Varshney (DIN: 00012709) as a Whole-time Director of the Company for a period of five years effective from 01/08/2014, on the terms and conditions of appointment and remuneration set out in the statement annexed to the notice convening this meeting, with liberty to the Board of Directors and remuneration committee of the Board to alter and vary the terms and condition of the said appointment and /or remuneration as may deem fit and as may be acceptable to Shri Prem Narain Varshney subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the resolution."

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 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 four financial years as per the duly finalized audited accounts of the Company for the financial year ended 31st March 2014 and the causes for such erosion as required under section 23(1) (ii) of the Sick Industrial Companies (Special Provision) Act, 1985 be and hereby considered and approved."

"RESOLVED FURTHER THAT fact 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 the section 23(1) (i) of the said act, be and is hereby noted."

**For Rathi Steel And Power Limited**

<b>Sd/-</b>	<b>Sd/-</b>
<b>Prem Narain Varshney</b>	<b>Pradeep Kumar Rathi</b>
<b>(Whole Time Director)</b>	<b>(Managing Director)</b>
<b>DIN: 00012709</b>	<b>DIN: 00012596</b>

**Place: New Delhi**

**Date: 14 /08 /2014**

**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 under section 102 of the Companies Act, 2013 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 2014 to 30th September 2014 (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 in such a way that the same is received by the company 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.
10. In term of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rule, 2014 the Company has engaged the Service of Central Depository Services (India) Limited (CDSL) to provide facility of electronic Voting (e-Voting) in respect of the resolution proposed at this AGM. The Board of Directors of the company has appointed Mr. Ranjeet Verma, a Practicing company secretary, having C.P no. 7463 as the scrutinizer for this purpose.

**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

The following statement sets out all material facts relating to the special business mentioned in the accompanying Notice:

**Item No. 4**

The company has received a notice in writing from member along with the deposit of requisite amount under section 160 of the Act proposing the candidature of Shri S.K. Daga (DIN: 00208058) for the office of the director of the company.

Shri S.K. Daga is not disqualified from being appointed as director in terms of Section 164 of the Act and gives his consent to act as Director.

To comply with the requirement of Clause 49 of the listing agreement, It is proposed to appoint Shri S.K. Daga (DIN: 00208058) as independent director under section 149 of the Act and Clause 49 of the listing agreement to hold office for 5 (five) consecutive years on the Board of the company and he shall not be included in the total number of directors retire by rotation.

Shri S. K. Daga holds Masters Degree in Mechanical Engineering and has more than 26 years of experience in various industries through experience in the field of Finance & Management. It will be in the interest of the company Shri S.K. Daga is appointed as an Independent Director. Copy of draft letter of appointment and other terms & condition is available for inspection by member at the registered office of the company and may also be regarded as disclosure under Clause 49 of the Listing Agreement with the Stock exchange.

Save and except Shri S. K. Daga and his relatives, to the extent of their share holding interest if any, in the Company, none of the other Directors/KMP/ their relatives are, in any

way concerned or interested, financially or otherwise, in the resolution set out at Item no.4 of the Notice.

#### **Item No. 5**

The company has received a notice in writing from member along with the deposit of requisite amount under section 160 of the Act proposing the candidature of Shri Dwarka Das Lakhota (DIN: 00012380) for the office of the director of the company.

Shri Dwarka Das Lakhota is not disqualified from being appointed as director in terms of Section 164 of the Act and gives his consent to act as Director.

To comply with the requirement of Clause 49 of the listing agreement, It is proposed to appoint Shri Dwarka Das Lakhota (DIN: 00012380) as independent director under section 149 of the Act and Clause 49 of the listing agreement to hold office for 5 (five) consecutive years on the Board of the company and he shall not be included in the total number of directors retire by rotation.

Shri Dwarka Das Lakhota holds a Master's degree in Commerce from CCS University and has more than 19 years of experience in the field of accounting and marketing. It will be in the interest of the company Shri Dwarka Das Lakhota appointed as an Independent Director. Copy of draft letter of appointment and other terms & condition is available for inspection by member at the registered office of the company and may also regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock exchange.

Save and except Shri Dwarka Das Lakhota and his relatives, to the extent of their share holding interest if any, in the Company, none of the other Directors/KMP/ their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at Item no.5 of the Notice.

#### **Item No. 6**

The tenure of Shri Pradeep Kumar Rathi as Managing Director expired on 31st July 2014 and he is eligible to reappoint as such. He being eligible and offers himself for re-appointment. Shri Pradeep Kumar Rathi is a promoter Director of the Company and associated with company for last 35 years. He is at the helm the affairs and has a pivotal role in running the affairs of the Company. Hence the Board of Directors of the Company (the Board) at its meeting held on 14th August 2014 has, subject to the approval of members, re-appointed Shri Pradeep Kumar Rathi as Managing Director of the Company for a period of 5(five) years from the expiry of his present term, which expired on 31st July 2014, at the remuneration recommended by Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the member's approval for re-appointment of and remuneration payable to Shri Pradeep Kumar Rathi as Managing Director, in terms of applicable provisions of the Act.

#### **Terms and Conditions**

- (1) Salary at the rate of Rs. 240,000 (Rupees Two Lakhs forty thousand only) per month with such annual agreement as may be decided by the Board of Directors and

Remuneration Committee of the Board subject to the limits as specified in the Schedule V of the Companies Act, 2013 and other applicable provision of the Companies Act, 2013;

- (2) The Managing Director shall be entitled to the following perquisites and facilities:
  - a. Perquisites and Allowance to him and his family like use of Car with Driver, telephone at residence, reimbursement of medical including hospitalization expenses for self and family.
  - b. The company shall reimburse actual entertainment and traveling expenses incurred by the managing director in connection with the company's business.

In the event of inadequacy or absence of profits during the duration, the managing director shall be entitled to the remuneration herein provided but without commission and where applicable the same shall be subject to the approval of the Central Government.

The Board recommends the resolution for your approval. Except Shri Udit Rathi, none of the other Directors/KMP/ their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at Item no.6 of the Notice.

#### **Item no. 7**

The tenure of appointment of Shri Prem Narain Varshney Whole time Director of the Company has expired. Shri Prem Narain Varshney, aged 62 years and holds Post Graduate degree and associated with company since 1997. He has more than 36 years of experience in the field of Human Resource Department and has a pivotal role in running the affairs of the Company. Hence the Board of Directors of the Company at its Meeting held on August 14, 2014 reappointed Shri Prem Narain Varshney as a Whole Time Director for a period of Five (5) years with effect from 01/08/2014. The said reappointment is subject to the approval of the shareholders in general meeting at the remuneration recommended by Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the member's approval for re-appointment of and remuneration payable to Shri Prem Narain Varshney, Whole time Director, in terms of applicable provisions of the Act.

#### **Terms and Conditions**

1. The basic Salary at the rate of Rs. 15,230/- (Rupees Fifteen thousand Two hundred thirty only) with House Rent Allowance of Rs. 3,500/- (Rupees Three Thousand Five hundred Only) per month with such annual increment as may be decided by the Board of Directors and Remuneration Committee of the Board subject to the limits as specified in the Schedule V of the Companies Act, 2013 and other applicable provision of the Companies Act, 2013;
2. The Whole Time Director shall be entitled to the following perquisites and facilities:
  - a. Perquisites and other Allowance as per Company's rule
  - b. PF, Gratuity and other benefits as per Company's rule.

c. Notwithstanding anything herein, where in any financial year during the currency of the tenure of office of the Whole time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals being obtained.

The Board recommends the resolution for your approval. Except Shri Prem Narain Varshney, none of the other Directors/KMP/ their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at Item no.7 of the Notice.

#### **Item No. 8**

As the member are aware that the accumulated loss of the company as per duly finalized audited accounts as on 31st March 2014 is. Rs. 116.70 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 provision of the Sick Industrial Companies (Special Provisions) Act, 1985 are applicable to the Company.

Pursuant to the provision of Section 23 of the said 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 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 Rathi Steel And Power Limited**

**Sd/-  
Prem Narain Varshney  
Whole Time Director  
DIN: 00012709**

**Sd/-  
Pradeep Kumar Rathi  
Managing Director  
DIN: 00012596**

Place: New Delhi  
Date: 14/08 /2014

#### **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 2014 the accumulated losses as on the date amounted to Rs. 116.70 Crores, which eroded the peak net worth of Rs188.29Crores 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**

In the annual report of the last year, primary reasons for erosion of 50% of the peak net worth of the Company were given. Due to severe liquidity crunch and adverse business conditions the plant in Odisha remained virtually in-

operational and there was gross under utilization of capacity in Ghaziabad Plant. While fixed cost remained static, meager revenue from operations which remained at abysmally low levels, was unable to cover the fixed cost. This resulted in loss.

#### **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. There are many pellets plants which are expected to come online in the next 6-12 months. CDR package has been approved and MRA was executed in December 2013. However, there has been delay in release of funds due to procedural reasons and additional compliances stipulated by banks. In any case, banks have since started releasing funds. Efforts are on to scale up production in Ghaziabad unit and restart Odisha unit at the earliest.

Odisha Government has also taken some steps and has allowed restart of mining in some of the mines, which is expected to alleviate the scarcity of raw 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 43rd Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2014.

## FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended 31st March 2014	Year ended 31st March 2013
Sales	46553.09	80843.18
EBITDA	(4377.42)	(8038.40)
Interest	4927.90	5320.88
Depreciation	891.68	2207.40
Profit after Tax (PAT)	(7433.67)	(11004.82)
Dividend	NIL	NIL

## DIVIDEND

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

## CAPITAL

During the year the Company reclassified its Authorized Capital by creating 1,80,00,000 redeemable preference shares of Rs 10.00 each out of the then existing 5,00,00,000 equity shares of Rs 10.00 each. It further increased its Authorized capital by creating 1,50,00,000 redeemable preference shares of Rs 10.00 each, resulting into Authorized capital of Rs 65,00,00,000 divided into 3,20,00,000 equity shares of Rs 10 each amounting to Rs. 32,00,00,000 and 3,30,00,000 redeemable preference shares of Rs 10 each amounting to Rs 33,00,00,000.

During the year the Company issued 3,26,30,000 redeemable preference shares of Rs 10.00 each amounting to Rs 32,63,00,000.

## PERFORMANCE REVIEW

The Gross sales for the financial year under review were Rs. 465 crores against Rs.808 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 :

Domestic steel demand to remain muted during FY2012–17 on account of a weak macroeconomic environment. The demand for longs is expected to increase by 19 million ton (MT) at a CAGR of 9 percent and for flats by 16 MT at a CAGR of 8 percent between FY2012 and FY2017. This is due to relatively weaker growth prospects of flats end-user industries (such as automotive and consumer durables) than those for longs.

The growth in the steel market is expected to be muted in the short term on account of poor growth in core consumer sectors such as infrastructure and construction. The demand

is expected to rebound in the latter half of 2015 with growth in infrastructure as announced in the Twelfth Five-year Plan. Growth in the automobile and consumer durable sectors will also support demand growth in the long term.

The large steel players and new entrants have announced capacity addition of about 71 MTPA till 2017. Regulatory hurdles and land acquisition challenges remain the largest supply-side constraint for the Indian steel market. Mining bans in Karnataka and Goa and delays in the execution of announced capital projects can further constrain supplies.

With a stable Government in Centre and its thrust on infrastructure development, your company reasonably believes that the turbulent conditions during the year under review, which did not allow 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 had applied for restructuring of its debts. We are happy to inform you that the restructuring proposal has since been approved and implemented by the banks.

## 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 Article of Association of the Company Shri Prem Narain Varshney, 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 164 of the Companies Act, 2013 and is eligible for reappointment as Director of the Company.

The tenure of Shri Prem Narain Varshney Whole time Director of the Company also expired. It is proposed to reappoint him as Whole Time Director. Shri Prem Narain Varshney, aged 62 years and holds Post Graduate degree and associated with company since 1997. He has more than 36 years of experience in the field of Human Resource Department and has a pivotal role in running the affairs of the Company. The Board of Directors/ Remuneration Committee of the Company at its Meeting held on August 14, 2014 reappointed Shri Prem Narain Varshney as a Whole Time Director for a period of Five (5) years with effect from 01/08/2014. The said reappointment is subject to the approval of the shareholders in general meeting.

Pursuant to section 149 and other applicable provision of the Companies Act, 2013, and as per Clause 49 of the Listing Agreement with stock Exchanges, the Board of Director seeking appointment of Shri S.K Daga and Shri Dwarka Das Lakhota as Independent director for a term of 5 consecutive years. Details of the proposal for appointment of Shri S.K Daga and Shri Dwarka Das Lakhota are mentioned in Explanatory statement under section 102 of the Companies Act, 2013.

The tenure of Shri Pradeep Kumar Rathi as Managing Director expired on 31st July 2014 and he is eligible to be reappointed as such. He being eligible and offers himself

for re-appointment. Shri Pradeep Kumar Rathi is a promoter Director of the Company and associated with company for last 35 years. He is at the helm of the affairs and has a pivotal role in running the affairs of the Company. Hence the Board of Directors/Remuneration committee of the Company (the Board) at its meeting held on 14th August 2014 has, subject to the approval of members, re-appointed Shri Pradeep Kumar Rathi as Managing Director of the Company for a period of 5(five) years from the expiry of his present term.

The Board recommends the re-appointment of aforesaid directors by the shareholders at ensuing AGM.

#### **AUDITORS AND AUDITORS' REPORT:**

M/s M.Lal & Co., Chartered Accountants hold office until the conclusion of the ensuing 43rd 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 141 (3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The notes to the accounts referred to in by the Auditors are self explanatory and therefore do not call 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, 2014.

#### **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 31.03.2014 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 judgment 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 2014 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 Bombay Stock Exchange Limited. The Company has made a request to de list 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:**

As per the provision of section 203 (1) of the Companies Act, 2013 Shri Anil Kumar Gupta has been appointed as Chief Financial officer of the Company.

#### **INDUSTRIAL RELATIONS:**

The Company enjoys cordial industrial relations with the 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 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  
DIN: 00012709

Sd/-

Pradeep Kumar Rathi  
Managing Director  
DIN: 00012596

Place: New Delhi  
Date: 14/08/2014

#### **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 2014.

#### **(1) CONSERVATION OF ENERGY:**

The Company has taken a number of steps to improve the conservation of energy by optimum utilization of electrical



resources and equipments. Conservation of energy and improving the efficiency of existing resources are continuing process and form an integral part of responsibility of department head.

**(A) Energy conservation measure taken:**

- (i) All the staff members are strictly instructed to switch off all the lights and equipments after office hours when not in use.
- (ii) Optimization of capacity utilization thus reducing specific consumption of energy.
- (iii) Strict control of quality input for saving electricity consumption.
- (iv) Minimization of handling loss.
- (B) Additional Investment and proposals, if any, being implemented for reduction of consumption of energy. The company is studying the feasibility of adding variable frequency drives for various applications wherever

suitable, to bring down the energy consumption subject to techno-commercial viability of the proposal.

- (C) The impact of above (a) and (b) for reduction of energy consumption and consequent impact on cost of production of goods.
- (D) The per ton power consumption has been under control.

**(2) TECHNOLOGY ABSORPTION:**

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

**(3) Foreign Exchange Earning and Outgo:**

- (a) Activities relating to exports: initiatives taken to increase export, development of new export market for products and services and export plan.
- (b) Total foreign exchange used and earned

	<b>2013-14</b>	<b>2012-13</b>
	Amount (Rs.)	Amount (Rs.)
Used	Nil	44,04,50,284
Earned	Nil	Nil

**FORM A**

S. No.	PARTICULARS		
A.	Power and Fuel Consumption	Current Year	Previous year
1.	<b>ELECTRICITY</b>		
	<b>Ghaziabad Unit</b>		
	(a) Purchase Units		
	(i) Rolling Mill Unit (A-3)	10714690	15989878
	(ii) SMS Unit (C-4)	13396086	19412605
	<b>(b) Total Amount (In Rs.)</b>		
	(i) Rolling Mill Unit (A-3)	94748433	98209476
	(ii) SMS Unit (C-4)	104453859	109754462
	<b>(c) Rate / Unit</b>		
	(i) Rolling Mill Unit (A-3)	8.84	6.14
	(ii) SMS Unit (C-4)	7.80	5.65
	<b>Odisha Unit</b>		
	(a) Purchase Units (KWH)	872730	3103357
	(b) Total Amount (In Rs.)	8519092	28682900
	(c) Rate / Unit	9.76	9.24
	<b>Own Generation</b>	-	51785000
2.	<b>GAS &amp; FUELS</b>		
	(a) Natural Gas / Furnace Oil (SCM / Litre)	3447948	5229671
	(b) Natural Gas Rs./ SCM	34.48	31.86
	(c) FO Rs. / Liter		53.74
3.	<b>OTHER GENERATION</b>	NIL	NIL
B.	<b>CONSUMPTION PER MT OF PRODUCTION</b>		
	<b>Ghaziabad Unit</b>		
	Electricity (in unit)		
	(i) Rolling Mill Unit (A-3)	169 per MT	157.00 per MT
	(ii) SMS Unit (C-4)	577 per MT	493.86 per MT
	Natural Gas / FO (SCM / Litre)	34.48	51.35
	<b>Orissa Unit</b>		
	Electricity (KWH) per ton Brillet	1049	996.31

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 Odisha 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, 2014 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**  
**DIN: 00012709**

**Sd/-**  
**Pradeep Kumar Rathi**  
**Managing Director**  
**DIN: 00012596**

Place: New Delhi  
Date: 14/08/2014