

**44TH
ANNUAL - REPORT
2014-2015**

Rathi Steel and Power Ltd.

RATHI STEEL AND POWER LTD.
CIN L27109DL1971PLC005905

BOARD OF DIRECTORS

Shri Pradeep Kumar Rathi (DIN:00012596) - Managing Director
Shri Prem Narain Varshney (DIN:00012709) - Whole Time Director
Shri Shree Kumar Daga (DIN:00208058) - Independent Director
Shri Dwarka Das Lakhotia (DIN:00012380) - Independent Director
Ms Akanksha Garg (DIN:0719311) - Women Director

AUDITORS

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

LEGAL ADVISOR

Mr. Shiv Khorana, 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- 4500 2400
Fax: 011-4500 2410
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

NOTICE

NOTICE is hereby given that the forty-fourth Annual General Meeting of the Members of Rath Steel and Power Ltd. (CIN L27109DL1971PLC005905) will be held on Wednesday, September 30th, 2015 at 11.00 a.m. at The Little Theater Group, Copernicus Marg, New Delhi- 110001 to transact the following Business:

ORDINARY BUSINESS:

1. Adoption of Financial Statements

To consider and adopt the audited financial statements of the Company for the year ended 31st March, 2015, together with the Report of the Directors and Auditors' thereon

2. Appointment of a Director

To appoint a Director in the place of Mr. Pradeep Kumar Rath (DIN-00012596), who retires by rotation and, being eligible, seeks re-appointment.

3. Ratification of appointment of Auditors

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the appointment of Messrs M. Lal & Co, Chartered Accountants (Firm's Registration No. 011148) as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 45th Annual General Meeting of the Company to be held in year 2016 to examine and audit the accounts of the Company for the Financial Year 2015-16 at such remuneration plus service tax, out-of-pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors and the Auditors."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution for Regularisation of Additional Director, Ms. Akanksha Garg

"RESOLVED THAT Ms Akanksha Garg (DIN: 07193111), who was appointed as an Additional Director with effect from May 30, 2015 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 and Article 99 of Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing her candidature for the office of a Director, be and is hereby appointed as a director of the company liable to retire by rotation.

5. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2016 and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of Rs.50000/- (Rupee fifty thousand) plus out-of-pocket expenses payable to Messrs R. M. Bansal & Co., Cost Accountants, (Firm's Registration No. 000022) who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records of the Company, for the Financial Year ending 31 March, 2016."

6. Adoption of new set of Articles of Association of the company containing Articles in conformity with the Companies Act, 2013:

To adopt new set of Articles of Association containing Articles in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the existing Articles of Association of the company be and is hereby replaced with the new set of Articles of Association and the said new Articles of Association be and is hereby approved and adopted as the Articles of Association of the company in place of, in substitution and to the entire exclusion of the existing Articles of Association of the company.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient, required or incidental thereto, in this regard."

By Order of the Board
For **Rath Steel And Power Limited**
Sd/-
Prem Narain Varshney
(Whole Time Director)
DIN: 00012709

Registered Office: Chauhan Market, Madanpur Khadar,
Near Local Shopping Complex,
Pocket -D & E, Sarita Vihar New Delhi- 110076
CIN: L27109DL1971PLC005905
Phone : 011-45002400, Fax : 011-45002410
Email : investors@rathisteelandpower.com
Website : www.rathisteelandpower.com

Place: New Delhi
Date: 14 /08 /2015

Notes:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy and the proxy need not be a member of the Company.
2. The Proxy form must be deposited at the registered office

of the Company not less than 48 hours before the scheduled hour of commencement of the meeting i.e. 11.00 a.m. on September 30th, 2015.

3. Members/Proxies should bring their attendance slips duly filled in for attending the meeting.
4. Members are requested to bring their copy of the Annual Report with them at the Annual General Meeting, as the copies of the report will not be circulated at the meeting.
5. The Register of Members and Share Transfer Registers of the Company will remain closed from September 26th, 2015 to September 30th, 2015 (both days inclusive).
6. Explanatory statements pursuant to section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting under Item No.4, 5 and 6 are annexed hereto.
7. Members who hold shares in dematerialized form are requested to bring their Depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Registrar M/s Mas Services Limited (Unit Rathi Steel), Phone (011)26387281-83, Fax : (011) 26387384, E-mail : info@masserv.com
11. Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically
12. The details of directors who are proposed to be reappointed/newly appointed are given in Corporate Governance Report.
13. In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the facility of voting through electronic means.

The cut off date for determining the eligibility to vote by electronic means or by ballot in the general meeting shall be 24th September, 2015.

The members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting in terms of notification issued by the Ministry of Corporate Affairs dated 19.03.2015.

14. The results of voting shall be declared at the Registered Office of the Company within 3 days of the conclusion of the Annual General Meeting by the chairman of the meeting and shall also be displayed at the website of the company www.rathisteelandpower.com

PROCESS FOR MEMBERS OPTING FOR E-VOTING

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company will be providing members facility to exercise their right to vote on resolutions proposed to be considered at the ensuing Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL). The detailed procedure to be followed in this regard has been given in Annexure – A to the notice. The members are requested to go through them carefully.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 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

Ms Akanksha Garg was appointed as an Additional Director w.e.f. May 30, 2015 in accordance with the provisions of Section 161 of the Companies Act, 2013 and Article 99 of Article of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing Ms Akanksha Garg candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013. The Board feels that presence of Ms Akanksha Garg on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 4 for adoption.

None of the Directors / Key Managerial Personnel of the Company / 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

Based on the recommendation of the Audit Committee, the Board in its meeting appointed Messrs R. M. Bansal & Co., Cost Accountants, to conduct the audit of the steel manufacturing and power generation business for the financial year 2015-16 at fee of Rs. 50,000/- plus out of pocket expenses.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit

and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors as set out in the Resolution at item No 5 of the convening Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested in the said Resolution

Item No. 6

Adoption of new set of Articles of Association

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain reference to specific sections of the Companies Act, 1956 and some articles in the existing AoA are no longer in conformity with the Act.

With the enactment of the Companies Act, 2013 and substantive sections of the Act which deal with the general working of the Company stand notified, several regulations in the existing AoA of the company require alteration and/or deletion.

Given this position it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new set of AoA to be replaced in place of the existing AoA is based on Table F of Schedule I of the Companies Act, 2013 which sets out the model AoA for a company limited by shares and also carries forward certain provisions from the existing AoA suitably rephrased and which are not in conflict

with the provisions of the Companies Act, 2013.

The proposed new draft of AoA is available for inspection to the shareholders at the registered office of the company on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 A.M and 1.00 P.M till the date of the meeting.

No Director or Key Managerial Personnel of the Company and/or their relatives are concerned or interested financially or otherwise in this item of business.

The Board recommends this Resolution for your Approval.

By order of the Board
For Rath Steel And Power Limited

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

Registered Office: Chauhan Market, Madanpur Khadar,
Near Local Shopping Complex,
Pocket –D & E, Sarita Vihar New Delhi- 110076
CIN: L27109DL1971PLC005905
Phone : 011-40512426, Fax : 011-40512425
Email : investors@rathisteelandpower.com
Website : www.rathisteelandpower.com

Place: New Delhi

Date: 14/08 /2015

ANNEXURE TO ITEMS 2 & 4 OF THE NOTICE

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of the director	Mr. Pradeep Kr. Rath	Ms Akanksha Garg
Director Identification Number(DIN)	00012596	07193111
Date of Birth	14-06-1956	24/02/1997
Nationality	Indian	Indian
Date of Appointment on Board	09/09/1998	30/05/2015
Qualification	Graduate	Pursuing graduation
Shareholding in RSPL	7504988	Nil
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	1	Nil
Memberships/ Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	Nil	Nil

Annexure A to the notice

Instructions for the voting through electronic means

The procedure and instructions for e-voting as given in the Notice of the 44th Annual General Meeting are again reproduced hereunder for easy reference:

- I. In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):
 - a. Open e-mail and open PDF file viz."RSPL-remote e-Voting.pdf" with your client ID or Folio No.

as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.

- b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
- c. Click on Shareholder-Login.
- d. Put user ID and password as initial password noted in step (i) above. Click Login.
- e. Password change menu appears. Change the password with new password of your choice with

minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - g. Select "EVEN" of "Rathi Steel and PowerLimited".
 - h. Now you are ready for remote e-voting as Cast Vote page opens.
 - i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - j. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - k. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ranjeet@ranjeetcs.com with a copy marked to evoting@nsdl.co.in.
- II. In case of Members receiving Physical copy of Notice of 44th Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)
- a. Initial password is provided in the box overleaf.
 - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.
- A. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
 - B. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - C. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - D. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 24th September, 2015.
 - E. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 24th September, 2015, may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA, MAS Services Limited.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- F. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
 - G. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
 - H. Shri Ranjeet Kumar Verma, Practicing Company Secretary (Membership No. FCS 6814 & CP No. 7463), Proprietor, M/s. Ranjeet Verma & Associates., Company Secretaries has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
 - I. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 - J. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 - K. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.rathisteelpower.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE Limited.

BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 44th Annual Report together with the Audited Statement of Accounts of your company for the year ended 31st March, 2015.

1. FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
Sales	66882.35	46553.09
EBITDA	696.68	(4377.42)
Interest	5040.18	4927.90
Depreciation	3186.63	891.68
Profit after Tax (PAT)	(8239.23)	(7433.67)
Dividend	NIL	NIL

2. OPERATIONAL REVIEW:

During the year under review, the Company has achieved sales turnover of Rs. 66882.35 lacs against previous year sales of Rs. 46553.09 Lacs. The Company has incurred loss of Rs. 8239.23 lacs against previous year loss of Rs.7433.67 lacs. Company expects to do better if there is an improvement in overall industrial scenario.

3. REFERENCE UNDER SECTION 15 AND OTHER APPLICABLE PROVISIONS OF CHAPTER III OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

Due to erosion of net worth of the company by more than 50% in the previous accounting year i.e. 12 months period ended on March 31,2014, as per the requirement of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), a reference had been made with the Hon'ble BIFR by within the prescribed time.

Since, during the current 12 months period ended 31 March, 2015, the Company has suffered a net loss of Rs. 8239.23 lacs which has resulted in full erosion of net worth of the company, the company became a "Sick Industrial Company" under Section 3(1)(o) of the aforesaid Act. Consequently, necessary reference/registration is required to be obtained with the Hon'ble BIFR. The necessary recommendation of the Board for approval from the members of the company has been received to comply with the provisions of the SICA.

4. DIVIDEND

No dividend has been recommended.

5. CAPITAL

During the year under review, Company has increased authorized capital by creating 25000000 Redeemable Preference Shares of Rs. 10/- each, resulting into Authorised Capital of Rs.90,00,00,000/- divided 32000000 Equity Share of Rs.10/- each amounting to Rs.32,00,00,000/- and

58000000 redeemable shares of Rs.10/- each amounting to Rs.58,00,00,000/-.

During the year company has issued 12566748 Redeemable Preference Share of Rs.10/- each at a Premium of Rs.20/- per Share amounting to Rs.37,70,02,440/-.

6. DEMERGER PLAN

Orissa unit is an integrated steel manufacturing unit and with the complexities in the land acquisition, particularly of large chunks of land it will be very difficult to acquire land for setting up a new project. It has its own locational advantage in the sense near to raw materials sources, sufficient land and necessary approvals for further expansion.

In order to unlock the values of both the units and outside infusion of funds/sale/PE investment, hiving off/demerger of both the units is absolutely necessary.

Company plans to hive off the Orissa unit into a separate Company. Deliberation are on and decision will be taken after considering all the aspects.

7. Corporate Debt Restructuring

The debts of the Company were restructured under Corporate Debt Restructuring (CDR) mechanism in the year 2013-14. The Scheme has given relief to the Company and provided with the breathing space to further improve operational levels and improve the cash position. Due to delay in implementation of approved restructuring scheme Company could not start operations at Orissa unit nor was the implementation of setting up of rolling mill at Orissa and even its Ghaziabad unit is operating at lower than desired capacity utilization.

Keeping in mind the current business & economic outlook environment, the Company is in fresh discussions/negotiation with the lenders for its business restructuring plans and is in the process of finalizing fresh proposal for re-working of its debt obligations.

8. ECONOMIC SCENARIO AND OUTLOOK

The expected population growth, emerging new applications for steel and more sophisticated steel applications, the global steel market has a potential to grow by between 700 and 1000 million tonnes in the next 50 years. That is equivalent to a market that is 60% larger than that of today. We believe that between now and 2030, global use of steel will increase by as much as 400 million tons annually.

The world market for steel will reach \$1.3 trillion in 2015, with production levels to reach 1,694.73 million tonnes whilst consumption will reach 1,545.50 million tonnes. The market has been declining over the past few years as a result of the large oversupply of steel that pressured prices downwards. The global recession that hit the commodities sector hard also contributed to the shrinking growth.

The steel market has been dominated by China, accounting for half of the global market. It is the largest and fastest growing producer and consumer of steel and it will retain its leading position. India, Taiwan, Iran, Japan, Mexico and South Korea are other countries exhibiting strong growth in terms of steel production and consumption. Global

steeldemand over the next decade will mainly depend on the emerging economies. However, economic conditions for the global steel industry remain challenging.

The main factors that led to a previously significant increase in demand for steel are new infrastructure developments and the growing needs of the increasing middle class in the developing countries. The construction, automobile, and white goods industries will attract a high demand for steel over the next decade. The construction sector will be the key consumer of steel.

Financial year 2014-15 saw India emerge as a bright spark even as advanced and emerging economics grappled with uncertainty and slower growth. Cyclical macro parameters like inflation, current account deficit have improved during the year due to domestic as well as external factors. However, domestic steel producers witnessed subdued sales as increased imports from China and Russia resulted in sharp cut to steel prices in India over the past six months.

The Indian economy is in the midst of significant structural change and is expected to embark on a sustained economic growth cycle. According to World Bank, India is set to be the world's fastest growing major economy in the financial year 2015-16 at 7.5% and gradually move up to 8% in the next two financial years. However, this economic growth will depend on steady implementation of reforms aimed to improve productivity and competitiveness. Government initiatives like "Make in India" will stimulate manufacturing growth while its focus on infrastructure should revive the investment cycle. This should help India grow while being fiscally prudent.

Indian steel demand is expected to reflect improving macro-economic environment. Steel end use sectors are expected to perform better compared to previous financial year. Infrastructure projects like dedicated freight corridor etc. are gaining momentum and the steady decline in stalled projects coupled with hike in import duty should stimulate steel demand. However, steel prices are expected to remain under pressure from Chinese exports and increased domestic competitiveness.

9. CORPORATE SOCIAL RESPONSIBILITY

Even though the provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the company yet the Company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

10. BUSINESS RISK MANAGEMENT

Although the company has long been following the principle of risk minimization as is the norm in every industry, it has now become a compulsion.

Therefore, in accordance with clause 49 of the listing agreement the Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same

11. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of account and reporting financial statements. The internal auditor of the company checks and verifies the internal control and monitors them in accordance with policy adopted by the company.

12. VIGIL MECHANISM / WHISTLE BLOWER POLICY

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour the company has adopted a vigil mechanism policy. This policy is explained in corporate governance report and also posted on the website of company www.rathisteelandpower.com.

13. DIRECTORS & COMMITTEES

At the 43rd Annual General Meeting of the company held on 30th September, 2014 the company appointed the existing independent directors Shri S. K. Daga (DIN: 00208058) and Shri Dwarka Das Lakhota (DIN: 00012380) as independent directors under the companies Act, 2013 for 5 consecutive years for a term upto the conclusion of the 49th Annual General Meeting.

All independent directors have given declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and clause 49 of listing agreement.

In accordance with the provisions of Companies Act, 2013 Shri Pradeep Kumar Rathi (DIN-00012596), Director retires by rotation and being eligible offers himself for re-appointment.

Ms Akanksha Garg was appointed as an Additional Director w.e.f. May 30, 2015 in accordance with the provisions of Section 161 of the Companies Act, 2013 and Article 99 of Article of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 the above director holds

office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing Ms Akanksha Garg candidature for appointment as Director of the Company.

13.1. BOARD EVALUATION

Pursuant to the provisions of companies Act, 2013 and clause 49 of the Listing Agreement, the Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholder committee. The manner in which the evaluation has been carried out has been explained in Corporate Governance Report.

13.2. REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

13.3. MEETINGS

During the year twelve Board Meetings and one independent directors' meeting was held. The Details of which are given in Corporate Governance Report. The provisions of Companies Act, 2013 and listing agreement were adhered to while considering the time gap between two meetings.

13.4. AUDIT COMMITTEE

The company is having an audit committee comprising of the following directors:

Name	Status	Category
Shri Shree Kumar Daga	Chairman	Non Executive & Independent Director
Shri Dwarka Das Lakhotia	Member	Non Executive & Independent Director
Shri Prem Narain Varshney	Member	Executive Director

13.5 NOMINATION AND REMUNERATION COMMITTEE

The company is having a Nomination and Remuneration Committee comprising of the following directors:

Name	Status	Category
Shri Shree Kumar Daga	Chairman	Non Executive & Independent Director
Shri Dwarka Das Lakhotia	Member	Non Executive & Independent Director
Ms Akanksha Garg	Member	Non-Executive Director

14. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in preparation of the annual financial statements

for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

- b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the loss of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

15. RELATED PARTY TRANSACTIONS

None of the transactions with any of related parties were in conflict with the Company's interest. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. All related party transactions are negotiated at an arms-length basis and are in the ordinary course of business. Therefore, the Provisions of Section 188(1) of the Companies Act, 2013 are not applicable. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website. The details of the transaction with the Related party are provided in the accompanying financial statements.

16. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

A detailed note on ongoing litigations/court orders has been provided in the Notes to account.

17. AUDITORS

17.1. STATUTORY AUDITORS

M/s M. Lal & Co, Chartered Accountants, who are the statutory auditors of the Company, hold office until the conclusion of the ensuing AGM and are eligible for re-appointment. Members of the Company at the AGM held on 30 September, 2014 had approved the appointment of M/s M. Lal & Co as the Statutory Auditors for a period of three financial years i.e., up to 31 March, 2017. As required by the provisions of the Companies Act, 2013, their appointment should be ratified by members each year at the AGM. Accordingly, requisite resolution forms part of the notice convening the AGM.

The Auditors' Report on Financial Statements of the Company for the Financial Year 2014-15 does not contain any qualification.

The observations of Statutory Auditors' and Notes to the Financial Statements are self-explanatory

17.2. COST AUDITORS

As per Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. In this connection, the Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment of R. M. Bansal & Co., Cost Accountants as the cost auditors of the Company for the year ending 31 March, 2016, at a remuneration of Rs. 50,000/- plus out of pocket expenses.

R. M. Bansal & Co., Cost Accountants have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the past several years.

17.3. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ranjeet Verma & Associates. (CP No.: 7463, FCS: 6814), Company Secretaries to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as 'Annexure 1'.

17.4. INTERNAL AUDITORS

M/s Rajiv S Agarwal & Co. Chartered Accountants performs the duties of internal auditors of the company and their report is reviewed by the audit committee from time to time.

18. CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Secretarial Auditor confirming compliance forms an integral part of this Report.

19. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure 2".

20. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure 3".

21. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:

The Company has One Executive Director and one Managing Director, no sitting fees have been paid to any director during the year.

The particulars of the employees who are covered by the provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as "Annexure 4".

22. ACKNOWLEDGEMENTS

The company has been very well supported from all quarters and therefore your directors wish to place on record their sincere appreciation for the support and co-operation received from Central and State Governments, Bankers and others associated with the Company.

Your Directors wish to thank the banks, financial institutions, shareholders and business associates for their continued support and cooperation.

We look forward to receiving the continued patronage from all quarters to become a better and stronger company.

23. CAUTIONARY STATEMENT

The statements contained in the Board's Report and Management Discussion and Analysis contain certain statements relating to the future and therefore are forward looking within the meaning of applicable securities, laws and regulations.

Various factors such as economic conditions, changes in government regulations, tax regime, other statutes, market forces and other associated and incidental factors may however lead to variation in actual results.

BY order of the Board
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: 14/08/2015

ANNEXURE TO THE DIRECTORS' REPORT:

ANNEXURE-1

SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

RATHI STEEL AND POWER LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the