

**47TH  
ANNUAL REPORT  
2017-2018**

# **Rathi Steel And Power Limited**

## **RATHI STEEL AND POWER LTD.**

**CIN L27109DL1971PLC005905**

BOARD OF DIRECTORS	Shri Prem Narain Varshney (DIN:00012709) – Managing Director Shri Shree Kumar Daga (DIN:00208058) - Independent Director Shri Dwarka Das Lakhotia (DIN:00012380) - Independent Director Ms Akanksha Garg (DIN:0719311) - Women Director Mr. Abhishek Verma (DIN 08104325), Additional Director* * Appointed w.e.f 16-05-2018
AUDITORS	M/s H.G. & Company, 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 J M Financial Asset Reconstruction Company 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: <a href="http://www.rathisteelandpower.com">http://www.rathisteelandpower.com</a>
CORPORATE OFFICE	A-3, South of GT Road, Industrial Area, Ghaziabad (U.P.) Pin- 201009 Ph: 0120-2840346-350 Fax: 0120-2840352-353
WORKS:	Unit No. 1 A-3, South of GT Road, Industrial Area, 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
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: <a href="mailto:info@masserv.com">info@masserv.com</a>

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## NOTICE

**NOTICE** is hereby given that the 47th Annual General Meeting of the Members of Rath Steel and Power Ltd. (CIN: L27109DL1971PLC005905) will be held at The Little Theater Group, Copernicus Marg, New Delhi- 110001 on Saturday, September 29th, 2018 at 10:00 A. M. 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, 2018, together with the Report of the Directors and Auditors' thereon.

#### 2. Appointment of Statutory 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 there under, as amended from time to time, the Company hereby ratifies the appointment of Messrs H.G. & Company, Chartered Accountants (Firm's Registration No. 013074C) as the auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 48th Annual General Meeting of the Company to be held in year 2019, subject to be ratified by shareholders at every AGM and to examine and audit the accounts of the Company for the Financial Year 2018-19 at such remuneration plus GST, out-of-pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors and the Auditors.”

### Special Business:

#### 3. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2019 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 there under, as amended from time to time, the Company hereby ratifies the remuneration of Rs.50,000/- (Rupee fifty thousand) plus out-of-pocket expenses payable to Messrs R. M. Bansal

& Co., Cost Accountants, 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, 2019.”

#### 4. To consider and if thought fit, to pass, with or without modifications, the following resolution as in ordinary resolution for Regularisation of Additional Director Mr Abhishek Verma:

**“RESOLVED THAT** the consent of the members be and is hereby accorded to regularize Mr Abhishek Verma (DIN 08104325) who was appointed as an Additional Director with effect from May 2018 on the Board of Company in terms of section 161 of the Companies Act 2013 as per Article of Association of the Company and who holds office upto date of this Annual General Meeting as Independent Director of the Company.

**RESOLVED FURTHER THAT** Directors of the Company be and are hereby authorised to file necessary Forms and documents to give effect to this resolution.”

By Order of the Board  
For Rath Steel And Power Ltd

Sd/-

Prem Narain Varshney  
(Managing Director)  
DIN: 00012709

Date: 01.09.2018

Place: Delhi

**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](mailto:investors@rathisteelandpower.com)

**Website :** [www.rathisteelandpower.com](http://www.rathisteelandpower.com)

### 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. by 10:00 A. M. on September 27th, 2018.

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 24th, 2018 to September 29th, 2018 (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.3 & 4 is 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. There are no inter-se relationships between the Board Members.
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 cutoff date for determining the eligibility to vote by electronic means or by ballot in the general meeting shall be September 21th, 2018.  
  
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.  
  
A separate communication containing all necessary instructions and relevant information is being sent separately.
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. 3**

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 2018-19 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 approved by the Members of the Company. Accordingly, the Members are requested to approve the remuneration payable to the Cost Auditors as set out in the Resolution at item No 3 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. 4**

Mr Abhishek Verma (DIN 08104325) was appointed as an Additional Director with effect from May 2018 in accordance with the provisions of section 161 of the Companies Act 2013 and as per Article of Association of the Company. Pursuant to Section 161 of the Companies Act 2013 the above director needs to be regularized as regular Director in the ensuing Annual General Meeting and hence the resolution is presented among the members for approval and to be passed as an Ordinary Resolution.

By Order of the Board  
**For Rathi Steel And Power Ltd**

**Sd/-**

**Prem Narain Varshney**  
**(Managing Director)**  
**DIN: 00012709**

**Date: 01.09.2018**  
**Place: Delhi**

**Registered Office:** Chauhan Market, Madanpur Khadar, Near Local Shopping Complex, Pocket -D & E, Sarita Vihar New Delhi- 110076

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## **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 47th 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" giving 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.nsd.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 Power Limited".
  - 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 [csskbhatnagar@gmail.com](mailto:csskbhatnagar@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- II. In case of Members receiving Physical copy of Notice of 47th 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.nsd.com](http://www.evoting.nsd.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 22nd September, 2018.
- 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. 22nd September, 2018, may also obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto: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.nsd.com](http://www.evoting.nsd.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. Mr. Sameer Kishore Bhatnagar, Practicing Company Secretary (M. No. 30997 and CoP No. 13115), Proprietor, M/s. Samir Bhatnagar & Company, Company Secretaries have 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 unlock 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 along with the report of the Scrutinizer shall be placed on the website of the Company [www.rathisteelandpower.com](http://www.rathisteelandpower.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 47th Annual Report together with the Audited Statement of Accounts of Rathi Steel & Power Limited for the year ended 31st March, 2018.

### 1. FINANCIAL RESULTS:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	(RS. IN LACS)	(RS. IN LACS)
Sales	35001.35	38174.98
EBITDA	(167.15)	(2331.66)
Interest	1422.21	1661.03
Depreciation	1877.73	2338.58
Exceptional / Extraordinary Items	8151.09	-
Profit Before Tax (BT)	(11618.18)	(6331.27)
Tax adjusted for earlier year(s)	200.00	-
Profit after Tax (PAT)	(11818.18)	(6331.27)
Dividend	NIL	NIL

### 2. OPERATIONAL REVIEW:

During the year under review, the Company has achieved revenue from operation of Rs. 35001.35 Lacs as against previous year of Rs. 38174.98 Lacs mainly on account of temporary closure of TMT Mill operations at its Ghaziabad unit. The Company has incurred loss of Rs. 11818.18 Lacs against previous year loss of Rs. 6331.27 lacs. Net loss for period under report consists of Rs. 8351.09 Lacs as against Extraordinary Items and Bad Debts written off during the year. Company expects to do better if there is an improvement in overall industrial scenario.

### 3. DIVIDEND

In view of losses, no dividend has been recommended.

### 4. ECONOMIC SCENARIO AND OUTLOOK

Global growth is on an upswing and is expected to reach 3.9% in 2018 supported by strong momentum, favourable market sentiment, accommodative financial conditions and the domestic and international effects of expansionary fiscal policies. The global GDP is expected to increase to \$88 trillion. Both advanced economies and emerging markets are expected to see a rise in growth figures in the near term before stabilisation in the medium-term.

This growth rate is the outcome of faster economic expansion in the Euro area, Japan, China and the US. Advanced economies are projected to grow at 2.5% in 2018 as compared to 2.3% growth in 2017 primarily driven by improving domestic demand and industrial activities, private investment, moderate inflation and focus on domestic manufacturing activities. In China, growth is projected to soften slightly from 6.9% in 2017 to 6.6% in 2018. Over the medium term, the Chinese economy is projected to continue rebalancing away from investment toward private consumption and from industry to services. Growth in emerging market and developing economies is expected to increase further from 4.8% in 2017 to 4.9% in 2018 due to strong economic performance. This augers well and reflects improved prospects for commodity exporters after three years of weak economic activity. There is also a positive momentum in global trade and it is expected to moderately improve with nominal trade escalation by \$2.0 trillion to \$19.5 trillion.

After a brief period that was dedicated to introducing economic reforms that would further formalise the economy and boost ease of doing business, India has achieved a growth of 6.7% in FY18 with a 7.1% growth in Q-4'18. India has bounced back as the fastest growing economy in the world during the third quarter for FY18. The investment cycle exhibited a growth of 7.6% in FY18 and 14.4% in the Q-4'18. The FY18 is likely to see an improved growth of 7.5% due to transformative reforms undertaken by the Government. India's economic fundamentals continued to improve during the year. The Index of Industrial Production (IIP) touched 4.3% during the FY18 after a robust growth of 6.2% in the Q-4'18, which was 1.9% in Q-1'18. Inflation figures are also largely in control, with the Consumer Price Inflation reducing to 3.6% in FY18 from a level of 4.5% in FY17, keeping the food prices under control. Through the year, India's foreign exchange reserves has also increased to more than US\$420 billion. The eight key sectors rose to 3.4% year-on-year in FY18, with cement, coal and electricity registering a growth of 13%, 9% and 6% respectively. The Government of India has put in place multiple enablers to bolster the country's consumption demand. Higher spending on social schemes such as NREGA, continued thrust on rural infrastructure projects, raising of minimum support prices, implementation of 7th Pay Commission pay hikes across states and One Rank, One Pension scheme are also likely to lead to robust disposable income leading to higher spend and consumption.



The major driver of India's consumption economy is the country's large population of youth (more than half of the population is below the age of 35). Two consecutive years of favourable monsoon, addition of young working population and rising urbanisation are other major growth drivers. The 2018-19 Union Budget has emphasised on India's infrastructural requirements and the allocation on roads, railways and rural infrastructure has been significant. The Budget also focussed considerably on health and education sectors, which are instrumental in developing a sustainable economy and society.

### **Indian Steel Sector**

India's steel production grew 4.5% to its highest ever level of 102 million tonnes in FY18. The Government of India has been proactive in addressing the issues faced by domestic steel makers. It has taken major steps to stop unfair trade and to safeguard the interests of domestic players. This has been accompanied by recovery in construction activity and shut down of excess capacities in China. China has phased out capacities to the tune of 115 million tonnes in the past two years; and is gearing up for another production cut of 30 million tonnes in 2018. Leading steel makers in India are well poised to benefit from this development. Riding high on an all-round improvement in the growth of key sectors, namely automobiles, infrastructure, and capital goods, among others, India's steel demand grew at a high rate of 7.9% to 91 million tonnes in FY18. This pace may accelerate further as domestic steel demand growth is pegged at 8.3% to 98.2 million tonnes in the current fiscal year (Source: JPC). In FY18, India's per capita steel consumption grew 6.2% to 69 kg, while share of flats improved from 42% to 44%. India's construction activity, particularly in highways, bridges and metro lines has bolstered the demand for long steel products in recent times. Given their size, long steel products are relatively difficult to ship and hence most contractors are sourcing them locally. Domestic steel prices have started trending northwards since November 2017, owing to a surge in global prices, healthy recovery in domestic demand, and a weaker rupee. The prices though still trail international prices and hence there is a scope for further uptick in prices. Governmental measures such as the National Steel Policy and extension of anti-dumping duty on steel products, imposition of quality standards are key facilitators for the growth of domestic steel sector in India. Additionally, the Government has earmarked ` 14.3 lakh crores towards infrastructure

spending, which will also enhance steel demand in the domestic market. 2.2.1. Highlights of India's Steel Industry Achieved all-time high crude steel production in FY18 Third largest crude steel producer in the world in 2017 Third largest consumer of finished steel in the world in 2017 Steel consumption grew at a multi-year high in FY18 Contributes nearly 2% to the country's GDP Producer of world-class steel of all major varieties and grades Government's wide-ranging reforms may aid the steel sector Broad-based improvement in the growth of infrastructure, automobiles, capital goods, among others in FY18.

### **5. FUTURE OUTLOOK**

According to the World Steel Association, consumption of finished steel products in India is estimated at 92 million tonnes in 2018 – a growth of 5.5% over 2017. Of the total incremental demand of 28.7 million tonnes in 2018 worldwide, India alone is likely to add steel demand of 4.8 million tonnes. Pegged at 5.5%, the domestic steel demand is likely to grow at a faster pace than the global steel demand. Steel demand worldwide is likely to grow by 1.8% in 2018. The nation's per capita steel consumption is likely to improve to 72-74 kgs in 2018-19. Clearly, Indian steel players are looking inwards to achieve higher growth. As China continues to trim its excess capacities in 2018 as well, and given the low-cost, higher quality products offered by Indian companies, opportunity to grow exports is also sizeable. Against this backdrop, Indian players having significant capacity expansions on the cards are well poised to tap into these opportunities over the next few years.

### **6. REVIVAL SCHEME**

Company is in continuous talks with all the lenders as well as investors to work out a long term revival scheme to maximise the recovery for its lenders.

### **7. 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

## 8. RISK MANAGEMENT POLICY

Risk management policy of the Company promotes a proactive approach in reporting, evaluating and mitigating risks associated with the business. Mechanisms for identification and prioritization of risks include business risk environment scanning and focused discussions in the Risk Management Group (at Senior Management Level) and Risk Management Committee meetings.

Although non-mandatory, the Company has constituted a Risk Management Committee (RMC) to oversee the risk management efforts in the Company under the Chairmanship of Mr. Prem Narain Varshney, Managing Director. The details of the Committee along with its terms of reference are set out in the Corporate Governance Report, forming part of the Annual Report.

A risk assessment update is provided to the RMC on periodical basis. The Committee assists the Audit Committee and the Board of Directors in overseeing the Company's risk management processes and controls. Some of the risks identified are set out in the Management Discussion and Analysis which forms part of the Annual Report.

## 9. INTERNAL FINANCIAL CONTROLS

Internal financial control systems of the Company are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable accounting standards and relevant statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. The Company has a well-defined delegation of power with authority limits for approving revenue as well as expenditure, both capital and revenue. The Company uses an established ERP system to record day to day transactions for accounting and financial reporting.

The Company's internal audit function monitors and assesses the adequacy and effectiveness of the Internal Financial Controls. The Audit Committee deliberated with the members of the management, considered the systems as laid down and met the internal auditors and statutory auditors to ascertain,

inter alia, their views on the internal financial control systems. The Audit Committee satisfied itself of the adequacy and effectiveness of the internal financial control system as laid down and kept the Board of Directors informed. Details of internal control system are given in the Management Discussion and Analysis Report, which forms part of the Report.

## 10. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a Whistleblower Policy and Vigil Mechanism to provide a formal mechanism to the Directors, employees and its stakeholders to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. Protected disclosures can be made by a whistleblower through several channels. The policy provides for adequate safeguards against victimisation of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

## 11. RELATED PARTY TRANSACTIONS

There were no contracts or arrangements entered into by the company in accordance with provisions of section 188 of the Companies Act, 2013. However, there were material related party transactions in pursuance of regulation 23 of SEBI (LODR) regulations, 2015. All material related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

## 12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Directors

#### Appointment/Re-appointment

There were no changes in the Board composition during the financial year ending March 31, 2018. However, Mr. Abhishek Verma was appointed as an Additional Director of the Company w.e.f. May 16, 2018 and who is proposed to be regularized as Independent Director of the Company in the ensuing Annual General Meeting.

#### Independent Directors

The Independent Directors hold office for a fixed term of five years and are not liable to retire by rotation in terms of Section 149(13) the Act. In accordance with Section 149(7) of the Act, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of independence as mentioned under Section 149(6) of the Act and the Listing Regulations. Details of Familiarisation programme for Independent Director is provided separately in the Corporate Governance Report.

#### Key Managerial Personnel (KMP)

Mr. P. N. Varshney, Managing Director, Mr Shyam S Bageshara (CFO) and Mrs. Shobhita Singh, Company Secretary has been appointed in place of Mr. Sumit Dass (Former Company Secretary) are the other KMP as per the definition under Section 2(51) and Section 203 of the Act.

#### BOARD EVALUATION

Pursuant to the provisions of the Act and the corporate governance requirements prescribed under the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, and that of its Committees and Individual Directors.

The performance of the Board and individual Directors was evaluated by the Board after seeking inputs from all the directors. The criteria for performance evaluation of the Board included aspects such as Board composition and structure, effectiveness of Board processes, contribution in the long term strategic planning, etc. The performance of the committees was evaluated by the Board after seeking inputs from the committee members. The criteria for performance evaluation of the committees included aspects such as composition of committees, effectiveness of committee meetings, etc.

The Board and the NRC reviewed the performance of the individual Directors on the basis of the

criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of non independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the Board Meeting that followed the meeting of the Independent Directors, at which the feedback received from the Directors on the performance of the Board, its Committees and Individual directors were also discussed.

## 13. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s), including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the FY 2017-18.

Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;

- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **14. MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORTS**

Pursuant to Regulation 34 of SEBI (LODR) Regulation, 2015, the Management Discussion and Analysis and the Corporate Governance Report are presented in a separate section forming part of the Annual Report.

#### **15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed pursuant to the provisions of Section 134 of the Act read with the Companies (Accounts) Rules, 2014, are provided in **Annexure -1** to this Report.

#### **16. AUDITORS**

##### **I. Auditors and their report:**

In the AGM held on 26th September, 2017, M/s. H. G & Company, Chartered Accountants, were appointed as Statutory Auditors of the Company for a period of three years i.e. till the financial year ending March 31, 2020. As required by the provisions of the Companies Act, 2013 their appointment should be ratified by members each year at the AGM. Accordingly, requisite forms part of the notice convening the AGM.

Further, the report of the Statutory Auditors along with notes to Schedules is enclosed to this Report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

##### **II. Cost Auditors and Cost Audit report:**

In view of the provisions of Section 148 and all other applicable provisions of the Act read with the Companies (Audit and Auditors) Rules, 2014, R. M. Bansal & Co., Cost Accountants have been appointed as Cost Auditors to conduct the audit of cost records of your Company for the FY 2018-19. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being

sought at the ensuing AGM. The Company is properly maintaining the records for the purpose of Cost Audit as per the provisions of the Companies Act, 2013 and other Law/ Acts.

#### **III. Secretarial Audit**

In terms of Section 204 of the Act and Rules made there under, M/s. Samir Bhatnagar & Company, Practicing Company Secretaries have been appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as **Annexure-2** to this Report. The report is self-explanatory and do not call for any further comments.

#### **IV. 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.

#### **17. DISCLOSURES**

##### **i. Details of Board meetings**

During the year, 10( Ten) Board meetings were held and the details of which are provided in the Corporate Governance Report.

##### **ii. Composition of Audit Committee:**

The Audit Committee comprises 3 (three) Members all of which are Independent Directors. During the year, 5 (Five) Audit Committee meetings were held and the details of which are provided in the Corporate Governance Report.

#### **Listing Regulations**

The Securities and Exchange Board of India (SEBI) has, by its notification dated 2nd September, 2015, issued the (Listing Obligations and Disclosure Requirements) Regulations, 2015 with an aim to consolidate and streamline the provisions of the Listing Regulations for different segments of capital markets to ensure better enforceability. The Regulations became effective from 1st December, 2015 and have replaced the Listing Agreements. Accordingly, all listed entities were required to enter into the Listing Agreement within 6 (six) months from the effective date. The Company has entered into Listing Agreement with BSE Limited. Pursuant to the Listing Regulations, the following policies were approved and adopted by the Board:

- (i) Policy on determination of Materiality for disclosures of events or information.
- (ii) Policy for preservation of documents, to classify documents in two categories, viz. documents which need to be preserved permanently and documents which need to be preserved for not less than 8 years after completion of the relevant transactions.

- (iii) Archival Policy, to determine the period, for which information is required to be disclosed on the Company's website. Policy on Materiality and Archival Policy are also available on the website of the Company under 'Investor Relations' section.

### **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 no sitting fees have been paid to any director during the year. Details enclosed as **Annexure-4** to this Report

### **18. 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.

### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return in Form MGT 9 is enclosed as **Annexure -3** to this Report.

### **ACKNOWLEDGEMENTS**

The Directors wish to place on record their appreciation for the continued support and co-operation by Financial Institutions, Banks, Government authorities and other stakeholders. Your Directors also acknowledge the support extended by the Company's Unions and all the employees for their dedicated service.

### **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.

For and on behalf of the Board of Directors

**Sd/-**  
**Shobhita Singh**  
Company Secretary

New Delhi  
**01.09.2018**

**Sd/-**  
**Prem Narain Varshney**  
Managing Director  
**DIN: 00012709**

### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT**

This is to confirm that the Company has adopted the Code of Conduct for its employees including the Managing Director and the Whole-time Directors. In addition, the Company has adopted the Code of Conduct for the Non-Executive Directors. Both these Codes are available on the Company's website.

I confirm that the Company has in respect of the Financial Year ended March 31st, 2018, received from the Senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Managing Director as on March 31st, 2018.

**Sd/-**  
**Prem Narain Varshney**  
Managing Director  
**DIN: 00012709**

New Delhi  
**01.09.2018**

**ANNEXURE TO THE DIRECTORS' REPORT:**

**ANNEXURE-1**

**I. CONSERVATION OF ENERGY**

- (A) Energy Conservation measures 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

**FORM A**

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

S. No.	PARTUCULARS	Current Year	Previous year
<b>A.</b>	<b>Power and Fuel Consumption</b>		
<b>1.</b>	<b>ELECTRICITY</b>		
	<b>Ghaziabad Unit</b>		
	(a) Purchase Units		
	(i) Rolling Mill Unit (A-3)	10857368	15797450
	(ii) SMS Unit (C-4)	19112961	20492700
	(b) Total Amount (In Rs.)		
	(i) Rolling Mill Unit (A-3)	98599669	135214246
	(ii) SMS Unit (C-4)	145105924	163013357
	(c) Rate / Unit		
	(i) Rolling Mill Unit (A-3)	9.08	8.56
	(ii) SMS Unit (C-4)	7.38	7.95
	<b>Odisha Unit</b>		
	(a) Purchase Units (KWH)	-	-
	(b) Total Amount (In Rs.)	-	-
	(c) Rate / Unit	-	-
	<b>Own Generation</b>	-	-
<b>2.</b>	<b>GAS &amp; FUELS</b>		
	(a) Natural Gas / Furnace Oil (SCM / Litre)	1975212	3357863
	(b) Natural Gas Rs./ SCM	N.A.	N.A.
	(c) FO Rs. / Liter	32.24	24.59
<b>3.</b>	<b>OTHER GENERATION</b>	NIL	NIL
<b>B.</b>	<b>CONSUMPTION PER MT OF PRODUCTION</b>		
	<b>Ghaziabad Unit</b>		
	Electricity (in unit)		
	(i) Rolling Mill Unit (A-3)	250 per MT	213 per MT
	(ii) SMS Unit (C-4)	520 per MT	546 per MT
	Natural Gas / FO (SCM / Litre)	45.48 Ltr per MT	45.24 Ltr per MT
	<b>Odisha Unit</b>		
	Electricity (KWH) per ton Billet	-	-

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

## II. TECHNOLOGY ABSORPTION

### 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.

## III. FOREIGN EXCHANGE EARNINGS & OUTGO

1. Activities relating to exports, initiatives taken to increase exports, development of new Export market for products and services and export plans.

The Company is in continuous process to promote its products in other countries to increase its market share. The Company promptly responds to the enquiry/ information received from the prospective buyers.

##### 2. Total Foreign Exchange used and earned:

Expenditure in Foreign Currency : Rs. 4,05,92,116/-

FOB Value of exports: NIL

## ANNEXURE-2

### Form MR-3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED March 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members

M/s **Rathi Steel and Power Limited**

Chauhan Market, Madanpur Khadar

Near Local Shopping Complex, Pocket-D & E

SaritaVihar New Delhi - 110076

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Rathi Steel and Power Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the Corporate Conducts/ Statutory Compliances and expressing my opinion thereon.

Based on our verification, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company, has during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on March 31, 2018, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.

- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
  - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings.
  - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
    - a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
    - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
    - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
    - g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
    - h. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - vi. Other specific laws applicable to the Company are :
    1. Factories Act, 1948
    2. Employees State Insurance Act, 1948 and the rules made there under
    3. The Contract Labour (Regulation and Abolition) Act, 1970
    4. Environmental Pollution Act, 1986
    5. The Electricity Act, 2003
    6. The Industrial Dispute Act, 1947
    7. The Child Labour Act, 1970
    8. The Water (Prevention and Control of Pollution) Act, 1974 read with Water (Prevention and Control of Pollution) Rules, 1975
    9. Environment Protection Act, 1986
    10. Air (Prevention and Control of Pollution) Act, 1981 read with Air (Prevention and Control of Pollution) Rules, 1982.
- We have also examined the compliance with the applicable clauses of the following:
- a. Secretarial Standards issued by the Institute of Company Secretaries of India.
  - b. The Listing Agreements entered into by the company with the stock exchanges.
- During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observations:
- We further report that:
1. The Company is yet to file financials and related documents in Form AOC4 and Form MGT7 for the financial year ending March 31, 2016 and March 31, 2017.
  2. The Company is yet to file Form MGT14 and Form SH7 w.r.t. Increase in Authorised Share Capital from Rs. 65,00,00,000/- to Rs. 90,00,00,000/- . The Company has already passed members resolution in the General Meeting for the same
  3. The Company is yet to file Form PAS3 w.r.t. allotment of 45196748 Redeemable Preference Shares.
  4. The Authorised Share Capital as appearing on MCA Portal ([www.mca.gov.in](http://www.mca.gov.in)) as on date is Rs. 65,00,00,000/- whereas the Paid Up Share Capital is appearing as Rs. 76,50,48,590/-.
  5. Mr. Udit Rathi has already resigned from the Board. However, the Company is unable to upload Form DIR12 and Form DIR11 due to some technical problem at MCA end.



## ANNEXURE – A

6. The Company – M/s Rathi Steel and Power Limited, its former MD – Mr. Pradeep Kumar Rathi, former CEO – Mr. Udit Rathi and Asst. General Manager – Mr. Kushal Aggarwal has been found guilty and convicted under Section 420 and Section 120B of IPC in Coal Block Case by Special Court on 26.07.2016. They were granted bail by Special Court on 27.07.2016 with certain conditions which has since been complied with. The Company has further filed appeal with Hon'ble High Court, Delhi against the said order and the case is still pending.

### We further report that:

The Constitution of Board of Directors of the Company was proper as per the provisions of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instances of:-

- b. Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- c. Redemption / buy-back of securities.
- d. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- e. Merger/ amalgamation/ reconstruction, etc.
- f. Foreign technical collaborations.

To,  
The Members  
M/s **Rathi Steel and Power Limited**  
Chauhan Market, Madanpur Khadar  
Near Local Shopping Complex, Pocket-D & E  
SaritaVihar New Delhi - 110076

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the Provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Sd/-

**Sameer Kishore Bhatnagar**  
Practicing Company Secretary

M. No. 30997

CoP No. 13115

Place: New Delhi

Date: 30.08.2018

Sd/-

**Sameer Kishore Bhatnagar**  
Practicing Company Secretary

M. No. 30997

CoP No. 13115

Place: New Delhi

Date: 30.08.2018

**Annexure -3****Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I REGISTRATION & OTHER DETAILS:**

i	CIN	L27109DL1971PLC005905
li	Registration Date	17/12/1971
iii	Name of the Company	RATHI STEEL AND POWER LIMITED
Iv	Category/Sub-category of the Company	Indian Non-Government Company
V	Address of the Registered office & contact details	Chauhan Market, Madanpur Khadar, Near Local, Shopping Complex, Pocket-D & E, Sarita Vihar, New Delhi-110076
vi	Whether listed company	YES
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	"M/s. Mas Services Limited (Unit Rathi Steel). T-34, Second Floor, Okhla Ind. Area, Phase-II, New Delhi- 110020

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

SL No	Name & Description of main products/services	NIC Code of the Product / service	% to total turnover of the company
1	Steel	24105	97.54%

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	N/A				

#### IV SHAREHOLDING PATTERN

(Equity Share capital Break up as % to total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1- April 2017]				No. of Shares held at the end of the year [As on 31-March 2018]				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
(1) Indian										
a) Individual/HUF	8245219	0	8245219	26.34%	8245219	0	8245219	26.34%	0	0
b) Central Govt.or State Govt.										
c) Bodies Corporates	7867695	0	7867695	25.13%	7867695	0	7867695	25.13%	0	0
d) Bank/Fl										
e) Any other										
<b>SUB TOTAL:(A) (1)</b>	<b>16112914</b>	<b>0</b>	<b>16112914</b>	<b>51.47%</b>	<b>16112914</b>	<b>0</b>	<b>16112914</b>	<b>51.47%</b>	<b>0</b>	<b>0</b>
<b>(2) Foreign</b>										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/Fl										
e) Any other...										
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>16112914</b>	<b>0</b>	<b>16112914</b>	<b>51.47%</b>	<b>16112914</b>	<b>0</b>	<b>16112914</b>	<b>51.4%</b>	<b>0</b>	<b>0</b>
<b>B. PUBLIC SHAREHOLDING</b>										
<b>(1) Institutions</b>										
a) Mutual Funds	686913	0	686913	2.19%	686913	0	686913	2.19%	0	0
b) Banks/Fl	2008056	0	2008056	6.41%	2008056	0	2008056	6.41%	0	0
c) Central Govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
<b>SUB TOTAL (B)(1):</b>	<b>2694969</b>	<b>0</b>	<b>2694969</b>	<b>8.61%</b>	<b>2694969</b>	<b>0</b>	<b>2694969</b>	<b>8.61%</b>	<b>0</b>	<b>0</b>
<b>(2) Non Institutions</b>										
a) Bodies corporate										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	6184051	519279	6703330	21.41%	6062854	518220	6581074	21.02%	122256	0.4%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	3762371	0	3762371	12.02%	3928972	0	3928972	12.55%	166601	0.5%
Any Other	1983513	51014	2034527	6.50%	1939168	51014	1990182	6.36%	-44345	-0.1%
<b>SUB TOTAL (B)(2):</b>	<b>11929935</b>	<b>570293</b>	<b>12500228</b>	<b>39.93%</b>	<b>11930994</b>	<b>569234</b>	<b>12500228</b>	<b>39.93%</b>	<b>0</b>	<b>0.0%</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>14624904</b>	<b>570293</b>	<b>15195197</b>	<b>48.53%</b>	<b>14625963</b>	<b>569234</b>	<b>15195197</b>	<b>48.53%</b>	<b>0</b>	<b>0.0%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>	<b>30737818</b>	<b>570293</b>	<b>31308111</b>	<b>100%</b>	<b>30738877</b>	<b>569234</b>	<b>31308111</b>	<b>100%</b>	<b>0</b>	<b>0.0%</b>

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. UDIT RATHI	740231	2.36%	2.36%	740231	2.36%	2.36%	0.00%
2	Mr. PRADEEP KUMAR RATHI	7504988	23.97%	23.97%	7,504,988	23.97%	23.97%	0.00%
3	M/s ARCHIT SECURITIES PVT LTD	4035223	12.89%	12.89%	4035223	12.89%	12.89%	0.00%
4	M/s DBG LEASING AND HOUSING LIMITED	3832472	12.24%	12.24%	3832472	12.24%	12.24%	0.00%

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	No changes during the year		16112914	51.47%	16112914	51.47%
	Changes during the year	No changes during the year		0	0.00%	0	0.00%
	At the end of the year	No changes during the year		16112914	51.47%	16112914	51.47%

**(iv) Shareholding Pattern of top ten Shareholders***(Other than Directors, Promoters and Holders of GDRs and ADRs):*

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	<b>SYNDICATE BANK</b>						
	At the beginning of the year			1,091,536	3.49%	1,091,536	3.49%
	Changes during the year				0.00%	--	0.00%
	At the end of the year			1,091,536	3.49%	1,091,536	3.49%
2	<b>ANUPAMA SARDA</b>						
	At the beginning of the year			901,696	2.88%	901,696	2.88%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			901,696	2.88%	901,696	2.88%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
3	<b>LIC NOMURA MF SPECIAL UNIT SCHEME</b>						
	At the beginning of the year			686,913	2.19%	686,913	2.19%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			686,913	2.19%	686,913	2.19%
4	<b>MODERN FERRO ALLOYS PRIVATE LIMITED</b>						
	At the beginning of the year			500,000	1.60%	500,000	1.60%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			500,000	1.60%	500,000	1.60%
5	<b>PUNJAB NATIONAL BANK</b>						
	At the beginning of the year			4,33,297	1.38%	4,33,297	1.38%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			4,33,297	1.38%	4,33,297	1.38%
6	<b>ESKAY ENCLAVE PRIVATE LIMITED</b>						
	At the beginning of the year			430,300	1.37%	430,300	1.37%
	Changes during the year			--	--	--	--
	At the end of the year			430,300	1.37%	430,300	1.37%
7	<b>ANIRUDH RATHI</b>						
	At the beginning of the year			427,482	1.37%	427,482	1.37%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			427,482	1.37%	427,482	1.37%
8	<b>DENA BANK</b>						
	At the beginning of the year			369,161	1.18%	369,161	1.18%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			369,161	1.18%	369,161	1.18%
9	<b>ASISH AGRAWAL</b>						
	At the beginning of the year			225,041	0.72%	225,041	0.72%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			225,041	0.72%	225,041	0.72%
10	<b>PURUSHOTTAM SARDA</b>						
	At the beginning of the year			199,286	0.64%	199,286	0.64%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			199,286	0.64%	199,286	0.64%

**(v) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
There is no Director or KMP, who is holding shares of Company							

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	59388.05	179.32		59567.37
ii) Interest due but not paid	3251.74			3251.74
iii) Interest accrued but not due	0.00			0.00
<b>Total (i+ii+iii)</b>	<b>62639.79</b>	<b>179.32</b>	<b>0.00</b>	<b>62819.11</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	1536.24	43.50		1579.74
* Reduction	0.11	0.00		0.11
<b>Net Change</b>	<b>1536.13</b>	<b>43.50</b>	<b>0.00</b>	<b>1579.63</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	59504.56	222.82		59727.38
ii) Interest due but not paid	4671.36			4671.36
iii) Interest accrued but not due				0.00
<b>Total (i+ii+iii)</b>	<b>64175.92</b>	<b>222.82</b>	<b>0.00</b>	<b>64398.74</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	<b>Name</b>	<b>PREM NARAIN VARSHNEY</b>	<b>(Rs/Lac)</b>
	<b>Designation</b>	<b>Managing Director</b>	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,03,300.00	3.03
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--
2	Stock Option	--	--
3	Sweat Equity	--	--
4	Commission		
	- as % of profit	--	--
	- others, specify	--	--
5	Others, please specify		
	<b>Total (A)</b>	<b>3,03,300.00</b>	<b>3.03</b>
	Ceiling as per the Act		

## B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount (Rs/Lac)
		DWARKA DAS LAKHOTIA	SHREE KUMAR DAGA	AKANKSHA GARG	
1	Independent Directors				
	Fee for attending board committee meetings	--	--	--	--
	Commission	--	--	--	-
	Others, please specify	--	--	--	--
	Total (1)	--	--	--	--
2	Other Non-Executive Directors	--	--	--	--
	Fee for attending board committee meetings	--	--	--	--
	Commission	--	--	--	--
	Others, please specify	--	--	--	--
	Total (2)	--	--	--	--
	Total (B)=(1+2)	--	--	--	--
	Total Managerial Remuneration (A+B)	--	--	--	<b>3.03</b>
	Overall Ceiling as per the Act				

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		CFO	CS		
	Name	Shyam S Bageshara	Shobhita Singh *	Sumit Dass \$	
	Designation				
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,33,000	-	91,200.00	7.24
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>6,33,000</b>	<b>--</b>	<b>91,200</b>	<b>7.24</b>

\*Appointed w.e.f 14th August 2018

\$Resigned w.e.f 30th September 2017

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>B. DIRECTORS</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

There are no Penalties / Punishment / Compounding of offences as per Companies Act against the Directors and its officers.



## Annexure 4

### PARTICULARS OF REMUNERATION

The information required under Section 197 of the Act and the Rules made there-under, in respect of employees of the Company, is follows:

- (a) **The ratio of the remuneration of each director to the median remuneration of the employee of the Company for the financial year:**

Directors	Ratio to median Remuneration
Sh. Prem Narain Varshney	2.29
Sh. Shree Kumar Daga	NIL
Sh. Dwarka Das Lakhotia	NIL
Ms. Akanksha Garg	NIL
Sh. Abhishek Verma	N.A.

- (b) **The percentage increase in remuneration of each Director, Chief Executive officer, Chief Financial officer, Company Secretary or Manager, if any, in the financial year;**

Name of person	% increase in remuneration
Sh. Prem Narain Varshney	26%
Sh. Shyam S Bageshra	32%
Sh Sumit Das	N.A. (Being employed part of the year)
Smt. Shobhita Singh	N.A. (Being not employed in FY)

- (c) **The percentage increase in the median remuneration of employees in the financial year** – Looking at the loss of Company, there was no increment in this year except in few cases. In general there is marginal increment in the remuneration of staff which is not based on %.
- (d) **The number of permanent employees on the rolls of company:** As on 31.03.2018 employees are 216.
- (e) **The explanation on the relationship between average increase in remuneration and company performance:** Looking at the loss of Company, there was no increment in this year

except in few cases. In general there is marginal increment in the remuneration of staff which is not based on percentage.

- (f) **Comparison of the remuneration of the Key Managerial Personnel against the Performance of the company:**

Particulars	Rs in Lacs
Remuneration of Key Managerial Personnel(KMP) during financial year 2017-18 (Aggregated)	7.24
Revenue from operations	35001.35
Remuneration (as % of revenue)	0.02%
Profit before tax (PBT)	(11618.18)
Remuneration (as % of PBT)	N.A.

- (g) Variation in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year;

Particulars	Unit	As at 31 March 2018	As at 31 March 2017	Variation (%)
Closing rate of share at BSE	Rs.	2.33	3.47	(32.85%)
EPS	Rs.	(37.75)	(20.22)	(86.69%)
Market Capitalisation	Rs./Lac	729.48	1086.40	(32.85%)
Price Earning Ratio	Ratio	N.A	N.A	N.A

- (h) Marginal increment already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with marginal increase in the managerial remuneration and justification there of and point out if there are any exceptional circumstances for increase in the managerial remuneration.

- i) **Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company**

Particulars	MD	C.S.	CFO
	Rs/lac	Rs/lac	Rs/lac
Remuneration	3.03	0.91	6.33
Revenue from Operations	35001.35		
Remuneration ( as % Revenue)	0.01%	0.00%	0.02%
Profits before tax (PBT)	(11618.18)		
Remuneration (as % of PBT)	N.A.	N.A.	N.A.

- (j) **The key parameters for any variable component of remuneration availed by the directors:** NIL

- (k) **The Ratio of the Remuneration of the highest paid Director to that of Employees who are not Directors but receive Remuneration in excess of the highest paid Director during the year:** NIL

- (l) **Affirmation that the remuneration is as per the remuneration policy of the company**

The company's remuneration policy is driven by the success and performance of the individual employees and the Company. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the remuneration policy of the company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Development

2017 saw an improvement in global steel consumption, which grew 4.7% to 1.59 billion tonnes in the year, after a subdued growth of 1% in 2016. A low base-effect of 2016, along with improved steel consumption in China and investment-led recovery in advanced economies were the key factors driving this momentum. The government's stimulus measures and momentum in construction activities fuelled steel demand in China. Consumption in Europe (other than EU) too gathered pace in the year and grew ~2.5% with other countries like US with 6.4%, Brazil 5.3% Iran 4.5% follow the growth trajectory of rising global steel demand. Global crude steel production grew by 5.3% or 63 million tonnes in 2017 to 1,691.2 million tonnes, as most economies registered good growth in steel production. Annual production grew between 4% and 6% for major economies of China, India, European Union and USA, among others. Turkey, South America and Brazil witnessed the highest growth in steel production at 13.1%, 8.7% and 9.9%, respectively. China trimmed its capacities by eliminating Basic Oxygen Steelmaking (BOF) – Electric Arc Furnace (EAF) of 55 million tonnes in 2017. The world's largest steel producing country also closed 140 million tonnes of inefficient induction furnace capacity. These initiatives uplifted market sentiments and bolstered pricing power and profitability of most steel producers in the World. Overall, steel exports from China fell by 30% to 75 million tonnes in the year. Global steel prices remained buoyant in 2017 due to: a) falling exports from China as it continues to reduce excess capacities; b) firm iron ore prices; and c) improving demand from China following the upswing in the infrastructure and construction sectors. The global capacity utilisation ratio stood at 69.5% in December 2017 — up 1.8 percentage points, compared to December 2016 level. In the preceding couple of months, trade actions across economies aggravated to arrest imports, threatening the possibility of trade diversion.

**Outlook for Steel Industry:** World Steel Association estimates suggest that global steel demand is likely to touch 1,616 million tonnes in 2018, a growth of 1.8% vis-à-vis 2017. Continued strengthening of

investments in advanced economies, improving manufacturing climate and recovery in commodity prices are expected to act as key catalysts to drive global steel demand. A large part of this demand is likely to come from the emerging and developing economies (excluding China) with an estimated increase of 4.9% in steel demand in 2018. In the developed economies, steel demand is likely to grow by 1.8% in the current calendar year. Important downside risks to these estimates comprise rising wave of protectionism in global trade and higher interest rates in the US and the EU. A large part of global steel demand is likely to emanate from the emerging and developing economies (excluding China) with an estimated increase of 4.9% in 2018.

### OPPORTUNITIES AND RISKS

#### OPPORTUNITIES

The Company continues to adapt to the ever changing business environment to take advantage of the opportunities to deliver sustainable value for all its stakeholders. With increasing migration, newer centres of development and government programmes such as the Smart City Mission, the rate of urbanisation in India is expected to rise significantly in the near future. A young demography tends to propel demand for housing, transportation and public infrastructure. Despite a significantly growing urban population, India's per capita steel consumption is considerably low (61kg) compared to China (540kg). This clearly shows that there is significant headroom for consumption growth. The Company expects to take advantage of the growth opportunity provided by the Indian economy, by enhancing its steel producing capacity. The Company expects the demand for steel products to be strong in the developing economies and the Company proposes to utilize it to meet this increased demand.

#### RISKS

The Company is exposed to risks arising out of the dynamic macro-economic environment as well as from internal business drivers. These could adversely impact its ability to create value over the short, medium and long-term. The key risks and Company's mitigation plans are given below:

## 1. Macroeconomic risks

Overcapacity and oversupply in the global steel industry and high levels of imports may negatively affect steel prices and demand thereby reducing the Company's profitability. Developments in the competitive environment in the steel industry, such as consolidation among the Company's competitors, could have a material adverse effect on the Company's competitive position. This could potentially impact the Company's business, financial condition, results of operations and future prospects. Any downgrading of India's sovereign rating by independent agency(ies) may harm the Company's ability to raise finance.

## 2. Financial risks

The Company has substantial amount of debt, which may adversely affect its cash flow and its ability to operate the business. Any changes in assumptions underlying the carrying value of certain assets, including as a result of adverse market conditions, could result in impairment of such assets.

## 3. Regulatory risks

The Company faces regulatory risk from predatory pricing and surge in steel imports. The Company may benefit from certain protective trade restrictions, including anti-dumping laws, countervailing duties and tariffs, which if not available, may adversely affect its operations and financial condition. The Company's business could be affected by potential regulatory and judicial actions.

## 4. Operational risks

The industry is highly cyclical and a decrease in steel prices may adversely impact its financial condition. The Company's operations and financial condition could be adversely affected if it is unable to successfully implement its growth strategies. The Company's business is prone to high proportion of fixed costs and volatility in the prices of raw materials and energy. Mismatches between trends in prices of raw materials and steel, as well as limitations on or disruptions in the supply of raw materials, could adversely affect its profitability.

## 5. Market related risks

Competition from other materials, or changes in the products or manufacturing processes of the

Company's customers who use steel products, could reduce market prices and demand for the Company's products, thereby reducing its cash flow and profitability. Product liability claims may adversely affect the Company's operations and finance.

## 6. People risk

The Company's success depends on the continued services of its senior management team and business and prospects could suffer if it loses one or more key personnel or if it is unable to attract and retain its employees. Any labour unrest could adversely affect the Company's operations and financial condition.

The Company's mitigation strategies are enumerated as under:

The macroeconomic and market related risks are addressed through diversification of the Company's product portfolio and development of value added products.

The Company works with policy makers to curb predatory pricing and surge in steel imports to create a level playing field. The operational risks are mitigated through development of well-structured processes for effective project planning & management.

To mitigate the risk of climate change and to be sustainable, the Company is focussing on innovative technologies that can significantly lower emissions

## Future Outlook

2017 saw an improvement in global steel consumption, which grew 4.7% to 1.59 billion tonnes in the year, after a subdued growth of 1% in 2016. A low base-effect of 2016, along with improved steel consumption in China and investment-led recovery in advanced economies were the key factors driving this momentum. The government's stimulus measures and momentum in construction activities fuelled steel demand in China. Consumption in Europe (other than EU) too gathered pace in the year and grew ~2.5% with other countries like US with 6.4%, Brazil 5.3% Iran 4.5% follow the growth trajectory of rising global steel demand. Global crude steel production grew by 5.3% or 63 million tonnes in 2017 to 1,691.2 million tonnes, as most economies registered good growth in steel production. Annual production grew between 4% and 6% for major economies of

China, India, European Union and USA, among others. Turkey, South America and Brazil witnessed the highest growth in steel production at 13.1%, 8.7% and 9.9%, respectively. China trimmed its capacities by eliminating Basic Oxygen Steelmaking (BOF) – Electric Arc Furnace (EAF) of 55 million tonnes in 2017. The world's largest steel producing country also closed 140 million tonnes of inefficient induction furnace capacity. These initiatives uplifted market sentiments and bolstered pricing power and profitability of most steel producers in the World. Overall, steel exports from China fell by 30% to 75 million tonnes in the year. Global steel prices remained buoyant in 2017 due to: a) falling exports from China as it continues to reduce excess capacities; b) firm iron ore prices; and c) improving demand from China following the upswing in the infrastructure and construction sectors. The global capacity utilisation ratio stood at 69.5% in December 2017 — up 1.8 percentage points, compared to December 2016 level. In the preceding couple of months, trade actions across economies aggravated to arrest imports, threatening the possibility of trade diversion.

A large part of this demand is likely to come from the emerging and developing economies (excluding China) with an estimated increase of 4.9% in steel demand in 2018. In the developed economies, steel demand is likely to grow by 1.8% in the current calendar year. Important downside risks to these estimates comprise rising wave of protectionism in global trade and higher interest rates in the US and the EU. A large part of global steel demand is likely to emanate from the emerging and developing economies (excluding China) with an estimated increase of 4.9% in 2018.

### **Advantage India**

The National Steel Policy, 2017 (NSP) aims to make India a self-sufficient steel producing nation by 2030. The Policy will promote the indigenous industry to eliminate steel imports in the country by 2030. Reduction in import dependence for procuring coking coal, emphasis on BF / BOF technology, sharper focus on pelletisation and installation of slurry pipelines and conveyors, promotion of domestically manufactured steel in government procurement and production of value-added steel indigenously are the

key goals of this Policy

To achieve these targets, some Indian companies have undertaken capacity expansions, which will drive their market shares further in the coming years. The acquisition of debt-laden steel companies will reduce the time for ramping up existing capacities. Investments worth US\$210 billion would be required to achieve the targeted steel capacity of 300 million tonnes by 2030. Overall, the NSP will empower domestic steel makers by making them more competitive globally. In the domestic market as well, there are multiple catalysts to drive steel industry growth. Relatively lower per capita steel consumption, healthy prospects of consumption demand on the back of buoyant infrastructure growth and strong growth in the automobile and railways sector being the prominent ones. Against this backdrop, it is expected domestic steel demand would grow by around 5% in the financial year 2018-19.

Domestic growth enablers Rural steel demand Rural India is expected to reach a per capita consumption from 12.11 kg to 14 kg for finished steel by CY20. The policies like Food for Work Programme (FWP) and Indira Awaas Yojana, Pradhan Mantri Gram Sadak Yojana and Affordable Housing, among others are expected to drive the demand. Housing demand The allocation towards building houses in rural and urban areas under the PMAY scheme stood at ` 275 billion in the Union Budget 2018-19. Rising transparency in the real-estate sector following the implementation of The Real Estate (Regulation and Development) Act has bolstered the confidence of both investors and home buyers. In this scenario, housing demand is likely to accelerate going forward, leading to higher steel demand in the domestic market. Renewable Energy India aims to generate 275 GW of total renewable energy by CY27. Of the total pie, 72 GW will be from hydro-energy and 15 GW from nuclear energy. Nearly 100 GW is expected to come from 'other zero emission' sources. Both generation and transmission capacities are expected to raise steel demand from the sector.

Automobile The automobile industry is estimated to grow by US\$260- 300 billion by 2026. With increasing capacity addition, steel demand is expected to be robust.

## **Risk & Concerns**

The Company on regular basis reviews its Risk Management Policy and takes proactive steps to safeguard and minimize any adversity related to the Market, Technology, People, Environment/Regulatory, Financial and Opportunity Risks. Wherever necessary, the Company takes adequate insurance coverage of its assets for safeguarding from unforeseen risks.

## **Internal Control System and their adequacy**

The Company has adequate internal control system and well laid-down policies and procedures for all its operations and financial functions. The procedures are aligned to provide assurance for maintaining proper accounting controls, monitoring efficient and proper usage of all its assets and reliability of financial and operational reports. The internal control system is ably supported by the Internal Audit Department which carries out extensive audit of various functions throughout the Company. The Company's Board has an Audit Committee which comprises of three members, all of whom are Independent Directors. The Audit Committee reviews significant findings of the internal audit.

## **Financial Performance**

During the year under review, the Company has achieved revenue from operation of Rs. 35001.35 Lacs as against previous year of Rs. 38174.98 Lacs mainly on account of temporary closure of TMT Mill operations at its Ghaziabad unit. The Company has incurred loss of Rs. 11818.18 Lacs against previous year loss of Rs. 6331.27 lacs. Net loss for period under report consists of Rs. 8351.09 Lacs as against Extraordinary Items and Bad Debts written off during the year. Company expects to do better if there is an improvement in overall industrial scenario.

## **Human Resources and Industrial Relation**

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various Human Resource initiatives are taken to align the HR Policies to the growing requirements of the business.

The Company has a structured induction process and management development programmes to upgrade skills of managers. Technical and safety training programmes are given periodically to workers.

Industrial relations in the organization continued to be cordial during the year under review.

## Corporate Governance Report

### THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value. In this pursuit, the Company's Corporate Governance philosophy is to ensure fairness, transparency and integrity of the management, in order to protect the interests of all its stakeholders.

The Company has an active, experienced and a well-informed Board. The Board along with its Committees undertakes its fiduciary duties keeping in mind the interests of all its stakeholders and the Company's corporate governance philosophy.

The Company is in compliance with the requirements stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

## BOARD OF DIRECTORS

### i) Composition

The composition of the Board of Directors of the Company is in conformity with the Listing Regulations and the Companies Act, 2013 ('the Act'). As on 31st March, 2018, the Board comprised four Directors, out of which three are Non- Executive Directors and one Managing Director. Out of three Non-Executive Directors, two (i.e. 66.66%) are Independent Directors and one woman Independent Director.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all the public companies in which he/she is a Director. All the Directors have made the requisite disclosures regarding committee positions held by them in other companies. None of the Directors of the Company is related to each other.

Details of Directors, categories and attendance records are as under-

Name/Designation of Directors	Executive/ Non Executive/ Independent	No. of Position held in other companies		No. of Board Meetings Attended	Attendance at Last AGM
		Board#	Committee		
Mr. Prem Narain Varshney Managing Director	ED	1	Nil	10	Yes
Mr. Dwarka Das Lakhotia	NED (I)	Nil	Nil	6	Yes
Mr. Shree Kumar Daga	NED (I)	1	Nil	7	Yes
Ms Akanksha Garg	NED	Nil	Nil	5	No

# excludes directorship in Private Limited Company, Foreign Companies and Section 8 Companies

ED (P) – Executive Director (Promoter)

NED - Non-Executive Director

ED -Executive Director

NED (I) - Non-Executive Director (Independent)

ii) Ten Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held:

5th May 2017, 30th May 2017, 20th July 2017, 14th August 2017, 25th August 2017, 26th

September 2017, 3rd October, 2017, 14th November, 2017, 21st December 2017 and 14th February, 2018

iii) During the year 2017-18, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration.

iv) The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

v) During the year, one meetings of the Independent Directors were held on March 31, 2018. The Independent Directors, inter-alia, reviewed the

performance of non-independent directors, Chairman of the Company and the Board as a whole.

- vi) The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.
- vii) The details of the familiarisation programme of the Independent Directors are available on the website of the Company.

## Committees of the Board

### A. Audit committee

- i. The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.
- ii. The terms of reference of the audit committee are broadly as under:
  - Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
  - Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  - Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval.
  - Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  - Review and monitor the auditors' independence and performance, and effectiveness of audit process;
  - Examination of the financial statement and the auditors' report thereon;
  - The audit committee shall review the information required as per SEBI Listing Regulations.
- iii. The audit committee invites such of the executives, as it considers appropriate

(particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.

- iv. The previous Annual General Meeting ("AGM") of the Company was held on September 26, 2017 and was attended by Mr. Shree Kumar Daga, Chairman of the audit committee.

The composition of the Audit Committee and the details of meetings attended by the Directors are given below

Sr. No.	Name	Category	No. of Meetings attended
1.	Mr. Shree Kumar Daga	NED (I)	5
2.	Mr. Dwarka Das Lakhota	NED (I)	2
3.	Mr. Prem Narain Varshney	ED	5

NED (I) - Non-Executive Director (Independent)

ED - Executive Director

The meetings of Audit Committee are also attended by Managing Director, CFO, Statutory Auditors as special invitees.

During the year 2017-18, Five Audit Committee Meetings were held on 30th May 2017, 14th August, 2017, 14th November 2017, 21st December 2017 and 14th February, 2018 The necessary quorum was present at the meetings.

### Nomination and Remuneration Committee:

The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

### i) Terms of reference:

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration



for the Directors, Key Managerial Personnel and other employees.

**ii) Composition :**

The Nomination and Remuneration Committee of the Company consists of Non-Executive and Independent Directors.

**iii) No. of Meetings held during the year:**

During the year the Committee had 2 meeting i.e. on 20th July 2017 and 30th August 2017.

**iv) Composition, name of Members and attendance during the year :**

Name of the Director	Position	No. of Meetings held	No. of Meetings Attended
Mr. Shree Kumar Daga	Chairman	2	2
Mr. Dwarka Das Lakhotia	Member	2	2
Ms Akanksha Garg	Member	2	2

Company Secretary was the Compliance Officer during the year under review. He performed the functions of monitoring the complaints received vis-à-vis share transfer and other related processes and reported them to the Board.

He also carried out his responsibility as liaison officer with the investors and regulatory authorities, such as SEBI, Stock Exchanges, Registrar of Companies, R.B.I. in respect of implementing laws, rules and regulations, and directives of such authorities concerning investor service and complaints.

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act. The Committee performs following functions:

- Transfer/Transmission of shares
- Issue of Duplicate Share Certificates.
- Review of Share dematerialization and rematerialization.
- Monitoring the expeditious Redressal of Investor Grievances.
- Monitoring the performance of company's Registrar & Transfer Agent.
- All other matters related to the shares.

During 2017-18 the committee was chaired by Mr. Shree Kumar Daga. At present the committee comprises of all three Non-Executive Directors. Three meetings were held on 10th July 2017, 9th October 2017 and 11th January 2018.

**Risk Management Committee**

The risk management committee of the Company is constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations. The board of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Risk Management Committee comprises of Mr. Prem Narain Varshney, Managing Director who is the Chairman of the Committee and other members viz. Mr. Shree Kumar Daga, Director and Mr. Dwarka Das Lakhotia, Director. The Company Secretary acts as the Secretary to the Committee.

**PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company.

**Disclosures**

The company has always ensured fair code of conduct and maintained transparency. There were no instances of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

In accordance with requirement of Companies Act as well as listing agreement a vigil mechanism has been adopted by the board of directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the company to approach Internal Auditor or Chairman of the Audit Committee of the Company to report any grievance. A link to such policy is also provided in the website of the company.

Compliances, rules & regulations as laid down by various statutory authorities has always been observed by the company since such change over both in letter as well as in spirit.

The Board has obtained certificates/disclosures from key management personnel confirming they do not have any material financial and commercial interest in transactions with the company at large.

## SHAREHOLDERS

### i) Means of Communication

Full and complete disclosure of information regarding the Company's financial situation and performance is an important part of the Company's Corporate Governance ethics. The Company has demonstrated this commitment by sending its Shareholders a full version of its Annual Report.

The quarterly, half-yearly and annual results of the Company are published in newspapers in India which include "Business Standard" (English) and "Business Standard" (Hindi language) both Delhi editions. The results are also displayed on the Company's website.

**Website:** the company's website [www.rathisteelandpower.com](http://www.rathisteelandpower.com) contains a separate dedicated section "Investor" where shareholders information is available. The annual report of the company is also available on the website in a user-friendly and download form.

### ii) Compliance Officer

Company Secretary is the compliance officer for complying with requirement of the Securities Laws and the Listing Agreements with the Stock Exchange.

### iii) Insider Trading

In compliance with the SEBI regulations on prevention of insider trading, the Company has a Code on Insider Trading for its Directors, Management and designated Executives. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing in securities of the Company. Ms. Shobhita Singh, (CS) is the Compliance Officer for complying with the said code.

### iv) SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online

upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

### v) General Body Meetings

Details of location, time and date of last three Annual General Meetings of the Company were held:-

Year	Venue of Meeting	Date & Time	Special Resolution Passed
2016-2017	The Little Theater Group, Copernicus Marg, New Delhi-110001	26th September, 2017, 10.00 A.M	Yes
2015-2016	The Little Theater Group, Copernicus Marg, New Delhi-110001	30th September, 2016, 11.00 A.M	Yes
2014-2015	The Little Theater Group, Copernicus Marg, New Delhi-110001	30th September, 2015, 10.30 A.M	Yes

No Special Resolution was passed by the Company last year through Postal Ballot. None of the businesses proposed to be transacted at the ensuing AGM require passing a Special Resolution through Postal Ballot.

## 10. GENERAL SHAREHOLDER INFORMATION

### i) Annual General Meeting:

Date: 29th September, 2018

Day: Saturday

Time: 10.00 A.M.

Venue: The Little Theater Group,  
Copernicus Marg,  
New Delhi- 110001

### ii) Financial Calendar (tentative):

Board Meeting to take on record	Schedule
Results for the	
* Quarter ending 30th June, 2018	On or before Aug 14, 2018
* Quarter ending 30th September, 2018	On or before Nov 14, 2018
* Quarter ending 31st December, 2018	On or before Feb 14, 2019
* Quarter ending 31st March, 2019	On or before May 30, 2020

### iii) Book Closure Date : 23rd September, 2018 to 29th September, 2018 (Both days inclusive)

**iv) Listing on Stock Exchanges:**

The Equity Shares of the Company are listed on the following two Stock Exchanges:-

Name & Address of the Stock Exchanges	Stock Code
Bombay Stock Exchange Ltd. Floor 25, P J Towers, Dalal Street, Mumbai - 400 001	504903

**v) Stock Market Data:**

The Equity Shares of the Company are traded at the Bombay Stock Exchange Limited (BSE) only. The performance of the Equity Shares of the Company in comparison to BSE Sensex is given hereunder:-

Month	Share Prices		Closing (Rs)
	High	Low	
April, 2017	3.80	3.13	3.42
May, 2017	3.60	3.02	3.38
June, 2017	3.67	2.85	3.25
July, 2017	3.43	2.93	3.14
August, 2017	3.23	2.57	2.57
September, 2017	3.11	2.45	2.76
October, 2017	3.30	2.41	3.13
November, 2017	3.15	2.33	2.35
December, 2017	3.04	2.22	3.04
January, 2018	3.59	2.65	2.75
February, 2018	3.12	2.27	2.79
March, 2018	2.90	2.12	2.33

Source: www.bseindia.com

**vi) Registrar and Share Transfer Agents:**

M/s. Mas Services Limited has been appointed as the Registrar and Share Transfer Agents for the equity shares of the Company in physical and electronic form. Shareholders/Investors can direct all correspondence with regard to share transfer, transmission and change of address etc. at their following address:-

M/s. Mas Services Limited (Unit Rathi Steel).  
T-34, Second Floor,  
Okhla Ind. Area, Phase-II,  
New Delhi- 110020,  
Ph: 011-26387281-82-83  
Fax No. 011-26387384  
Email: info@masserv.com

**vii) Share Transfer System:**

M/s. Mas Services Limited Committee of the Company. The meeting of Share Transfer Committee is held at least once in a fortnight. All the physical share certificates are sent to the transferees subsequent to transfer within the prescribed period.

**viii) Status of Complaints/queries and their redressal as on March 31, 2018:-**

During the year 2017-18, the Company had received one complaint and took immediate action in respect of complaint received by RTA and made nil complaints on score site. As on date, no complaints are pending other than those, which are under litigation, disputes or court orders.

**ix) Pending Share Transfers:**

No Share transfers were pending as on March 31, 2018.

**x) Dematerialization of Shares :**

The Company has entered into an agreement with NSDL and CDSL for dematerialization of shares. As on March 31, 2018, a total of 30739378 Equity Shares representing 98.18% of the total paid-up capital of the Company have been dematerialized. Members are advised to get their shares converted into demat mode. The shares of the Company can be traded in demat mode only.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is **INE336C01016**

**Number of shares held in dematerialized and physical Mode as on 31st March, 2017**

Particulars	Total Shares	% of Equity
Shares in dematerialized form with NSDL	11843504	37.83%
Shares in dematerialized form with CDSL	18895874	60.35%
Physical	568733	1.82%
<b>Total</b>	<b>31308111</b>	<b>100.00%</b>

### xi) Distribution of Shareholding:

The distribution of shareholding as on March 31, 2018 was as under:-

Range of Holding	Shareholders Number	%	No. of Shares	%
1 to 5000	10608	80.370%	1622312	5.182%
5001 to 10000	1294	9.804%	1057953	3.379%
10001 to 20000	625	4.735%	954249	3.048%
20001 to 30000	179	1.356%	459909	1.469%
30001 to 40000	103	0.78%	368597	1.177%
40001 to 50000	104	0.788%	491752	1.571%
50001 to 100000	143	1.083%	1061604	3.391%
100001 & above	143	1.083%	25291735	80.783%
<b>TOTAL</b>	<b>13199</b>	<b>100.000%</b>	<b>31308111</b>	<b>100.000%</b>

### xii) Outstanding GDRs/ADRs /Warrants etc:

The Company has no outstanding GDRs/ADRs/Warrants or any convertible instruments as on March 31, 2018.

### xiii) Address for Correspondence:

Chauhan Market, Madanpur Khadar,  
Near Local Shopping Complex,  
Pocket- D & E, Sarita Vihar,  
New Delhi-110076  
Ph: 011- 45002400  
Fax: 011-45002410  
Web Site: www.rathisteelandpower.com  
E-mail ID: investors@rathisteelandpower.com

## OTHER DISCLOSURES

### Related Party Transactions

All related party transactions that were entered into during the FY 2017-18 were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations. There were no materially significant related party transactions made by the Company with Promoters, Directors, KMPs or other designated persons which may have a potential conflict with the interest of the Company at large.

The policy on related party transactions as approved by the Board is uploaded on the Company's website

### Statutory Compliance

The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authority on all matters related to capital markets during the last three years.

### Whistleblower Policy and Vigil Mechanism

The Company has adopted a Whistleblower policy and Vigil Mechanism to provide a formal mechanism to the Directors, employees and other external stakeholders to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Conduct or Ethics policy.

The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. No personnel of the Company has been denied access to the Audit Committee.

### Accounting Treatment in preparation of Financial Statements

The Company has prepared the Financial Statements in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act / Companies Act, 1956, as applicable.

### CEO / CFO Certification

The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 17 (8) read with Part B of Schedule II to the Listing Regulations pertaining to CEO / CFO certification for the Financial Year ended 31st March, 2018.

### Mandatory Requirements

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

### DECLARATION BY THE MANAGING DIRECTOR

I, Prem narain Varshney, Managing Director of Rathi Steel and Power Limited, hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Regulation 26 (3) of the Listing Regulations for the year ended 31st March, 2018.

For Rathi Steel and Power Limited

Sd/-

**Prem Narain Varshney**

Managing Director

**DIN: 00012709**

New Delhi

01.09.2018

**AUDITORS REPORT ON CORPORATE GOVERNANCE**

**(In terms of Regulation 34(3) and Schedule V(E) of SEBI (Listing and Obligation and Disclosure Requirements) Regulations, 2015**

To

**The Members of**

**RATHI STEEL AND POWER LIMITED**

We have examined the compliance of conditions of Corporate Governance by RATHI STEEL AND POWER LIMITED (“the Company”), for the year ended on March 31, 2018, as stipulated in Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with schedule V of the same

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an

expression of opinion on the financial statements of the Company.

In our opinion and according to the information and explanation given to us, the Company has complied with the conditions of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For H.G. & Company  
Chartered Accountants**

**Sd/-  
Himanshu Garg  
M. No.: 403482**

Place: New Delhi  
Dated 14.08.2018

# **INDEPENDENT AUDITORS' REPORT**

## **TO THE MEMBERS OF**

### **RATHI STEEL AND POWER LIMITED**

#### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **Rathi Steel And Power Limited** ('the Company'), which comprise the balance sheet as at 31st March 2018, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10)

of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018 and its loss and its cash flows for the year ended on that date.

#### **Emphasis of Matter**

1. We draw attention to note no. 09 to the financial statements regarding the presentation of the same on-going concern basis. The company has incurred a net loss of Rs. 1,18,18,17,704.00 during the year ended on March 31, 2018 and as on that date the company's current liabilities exceed its current assets by Rs. 182,97,46,486.00 and company's net worth has been fully eroded. These conditions along with other matters as set forth in the aforesaid note, indicate the existence of material uncertainty that may cast significant doubt about company's ability to continue as a going concern.

These financial statements have been prepared on a going concern basis for the reasons stated in the said note. Our opinion is not qualified in respect of this matter.

2. In general, it was noticed that applicable statutory dues were not deposited within due date to the respective authorities. Statutory dues amounting to Rs.18,91,88,147.00 have become overdue and remains unpaid. Interest/ penalty, if any, in respect of the same has remained unascertained and unaccounted.
3. Lenders to the Company have since exited the approved CDR scheme in view of defaults being made by the Company in meeting its debt obligations as per restructuring scheme approved by CDR EG hence not considered any obligation as current liability.
4. Interests on secured loans have been provided in the books of accounts to the extent provided by the lenders.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- e. The matters mentioned in Emphasis of Matter above, in our opinion, may have an adverse effect on the functioning of the Company.
- f. On the basis of the written representations received from directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st, March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2 to the Notes to Accounts attached to financial statements;
  - j. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any; and
  - k. There was no amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Act and rules made there under.

**For H. G. & CO.**  
**Chartered Accountants**  
**Firm Registration Number: 013074C**

Place : New Delhi  
Dated : 14.08.2018

Sd/-  
**Himanshu Garg**  
**Proprietor**  
M. No.: 403482

**Annexure –A to the Independent Auditors’ Report the Annexure referred to in our Independent Auditors’ Report to the members of the Company on the standalone financial statements for the year ended 31st March 2018, we report that: -**

**1. In respect of fixed assets:**

- a. The company has been maintaining details showing full particulars, including quantitative details of fixed assets.
- b. We have been informed that physical verification of fixed assets has been conducted by the management at reasonable intervals and no material discrepancies were noticed by them.
- c. According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in the Financial statements, are held in the name of the company

**2. In respect of inventories:**

According to the information and explanations given to us, the physical verification of inventory (excluding stocks lying with third parties) has been conducted by the management at reasonable intervals. The physical verification of finished goods and raw material has been done on estimation basis, from time to time, due to the nature of the business and the cost involved and discrepancies, if any, were properly dealt with in the accounts. In respect of goods inventory lying with third parties, these have substantially been confirmed by them.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3 (iii) (a), (b), and (c) of the order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made any investment, given any guarantee or security, secured or unsecured, to any companies, firms or other

parties as covered under section 185 and 186 of the Act over and above the limits prescribed under these sections.

5. The Company has not accepted any deposits from the public and therefore, the directives issued by Reserve Bank of India and provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under do not apply to the Company.
6. As informed to us, the Central Government has prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of manufacturing activities of the Company. We have broadly reviewed accounts and records of the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
7. (a) According to the information and explanations given to us and on the basis of our examination of the records, Company is generally regular in depositing with appropriate authorities undisputed statutory dues i.e. income tax, sales tax, wealth tax, service tax, Excise duty, customs duty, value added tax, cess, GST and other statutory dues with authorities. However, there are some delays in payment of dues for VAT, Excise duty, GST, provident fund and Employees State Insurance.

According to the information and explanations given to us, undisputed amounts Rs. 14.78 Crores is payable in respect of provident fund, income tax, sales tax, GST, service tax, Excise Duty, Entry Tax, value added tax, cess and other material statutory dues as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the particulars of dues of income tax, excise duty, service tax, value added tax which have not been deposited on account of any dispute, are as follows:



Name of the Statute	Nature of Dues	Amount (in lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act 1961	Addition in Income	1526.00	2009-10 & 2010-11	Commissioner of Income Tax- Appeals –New Delhi
Central Excise Act, 1944	Excise Duty	317.15	2005-06 to 2007-08	High Court of Odisha
		91.21	2008-09 to 2012-13	Under Appeal with CESTAT
		52.03	2011-12 & 2012-13	Commissioner Appeals Bhubaneshwar
		1059.66	2002-03 to 2014-15	Custom Excise and Service Tax Appellate Tribunal- Allahabad
		27.81	1995-96 & 2013-14	High Court Allahabad
		11.84	2014-15	Commissioner (Appeal) Noida
		75.62	2006-07	Supreme Court of India
		239.61	2014-15	DGCEI New Delhi
Finance Act, 1994 Service Tax Provisions	Service Tax	21.79	2012-13	Additional Commissioner. Sambalpur / Roukela
Sales Tax Act of Various States	Sales Tax	13.70	2010-11 to 2013-14	Before Addl. Commissioner ,Northern Zone, Sambalpur
		4260.36	1994-95 to 2013-14	Commercial Tax Tribunal, UP
		973.18	1994-95 to 2014-15	Additional Commissioner Grade-2, Appeal-1,UP
		424.78	2011-22 & 2012-13	Jt. Commissioner, Appeal, Haryana
		250.46	2013-14	Jt. Commissioner, Appeal, Haryana
		438.15	2008-09 to 2010-11	High Court of Odisha
Odisha Entry Tax Act, 1999	Entry Tax	6.02	2005-06 to 2009-10	Commercial Tax Tribunal, Cuttack
		23.75	2008-09 to 2010-11	High Court of Odisha

8. The Company has defaulted in repayment of dues to banks during the year. The entire outstanding balance has been called by the banks. 177 and 188 of the Act, where applicable and the details have been disclosed in the financial statements as required under applicable Accounting Standard.
9. According to the information and explanations given to us, during the year the Company has not raised any fresh share capital and term loans and hence clause 3(ix) is not applicable. 14. According to the information and explanations given to us and based on our examinations of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under report.
10. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit. 15. According to the information and explanations given to us and based on our examinations of the records, the Company has not entered into non-cash transaction with directors or person connected with them.
11. According to the information and explanations given to us and based on our examination of the records, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act. 16. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of the Clause 3 (xvi) of the order is not applicable to the Company.
12. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi company.
13. According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with section

**For H. G. & CO.**  
**Chartered Accountants**  
**Firm Registration Number: 013074C**

Sd/-  
**Himanshu Garg**  
**Proprietor**  
M. No.: 403482

Place : New Delhi  
Dated : 14.08.2018

**Annexure-B to the Independent Auditors' Report the Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that: -**

**Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013.**

We have audited the internal financial controls over financial reporting of Rathi Steel and Power Limited ("the Company") as of 31 March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Companies Act 2013 ("the Act")

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standard on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Act to the extent applicable to

an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ACAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all, material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provided reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that ( 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

being made only in accordance with authorization of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of the changes in the conditions, or that the degree of compliance with the policies if procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**For H. G. & CO.**  
**Chartered Accountants**  
**Firm Registration Number: 013074C**

Place: New Delhi  
Dated : 14.08.2018

Sd/-  
**Himanshu Garg**  
**Proprietor**  
M. No.: 403482

**RATHI STEEL AND POWER LIMITED**  
**CIN L27109DL1971PLC005905**  
**BALANCE SHEET AS AT 31ST MARCH, 2018**

(Amount in Rupees)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
<b>ASSETS</b>			
<b>(1) Non - Current Assets</b>			
(a) Property, Plant and Equipment	2	2,322,470,072	2,501,722,529
(b) Capital work - in - progress		15,000	15,000
(c) Financial assets			
(i) Non Current Investments	3	1,570,997	1,570,997
(ii) Other financial assets	4	39,085,459	36,306,159
(d) Other non - current assets	5	595,851,405	14,646,724
Deferred Tax Assets		729,096,639	729,096,639
<b>Total Non- Current Assets</b>		<b>3,688,089,572</b>	<b>3,283,358,048</b>
<b>(2) Current Assets</b>			
(a) Inventories	6	131,333,571	787,189,259
(b) Financial assets			
(i) Trade receivables	7	317,363,699	1,049,525,375
(ii) Cash and cash equivalents	8	26,998,991	38,496,522
(iii) Other financial assets	9	81,709,734	162,326,873
(c) Other current assets	10	11,713,114	10,106,594
<b>Total Current Assets</b>		<b>569,119,109</b>	<b>2,047,644,623</b>
<b>TOTAL ASSETS</b>		<b>4,257,208,681</b>	<b>5,331,002,671</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	11	765,048,590	765,048,590
(b) Other Equity	12	(3,615,906,951)	(2,434,089,247)
<b>Total Equity</b>		<b>(2,850,858,361)</b>	<b>(1,669,040,657)</b>
<b>LIABILITIES</b>			
<b>(1) Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13	4,640,440,566	4,510,904,189
(b) Provisions	14	18,723,633	19,239,429
(c) Other Long Term Liabilities	15	50,037,247	80,739,209
(b) Other non current liability		-	-
<b>Total Non- Current Liabilities</b>		<b>4,709,201,446</b>	<b>4,610,882,827</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	1,777,151,414	1,753,063,579
(ii) Trade payables	17	260,730,529	166,469,376
(b) Other current liabilities	18	357,627,336	466,231,419
(c) Provisions	19	3,356,317	3,396,127
<b>Total Current Liabilities</b>		<b>2,398,865,596</b>	<b>2,389,160,501</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,257,208,681</b>	<b>5,331,002,671</b>

The accompanying Notes are an integral part of the financial statements

Sd/-  
**Abhishek Verma**  
 Director

Sd/-  
**P.N.Varshney**  
 Managing Director

As per our Report of even date  
**For H. G. & CO.**  
 Chartered Accountants

Place : New Delhi  
 Dated : 14.08.2018

Sd/-  
**Shobhita Singh**  
 Company Secretary

Sd/-  
**Shyam Bageshara**  
 CFO

Sd/-  
**HIMANSHU GARG**  
 M. No. 403482

**RATHI STEEL AND POWER LIMITED**

CIN L27109DL1971PLC005905

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018**

(Amount in Rupees)

Particulars	Note No.	2017-2018	2016-2017
Revenue from operations	20	3,500,135,109	3,817,498,299
Other income	21	88,367,841	36,153,135
<b>Total Income</b>		<b>3,588,502,950</b>	<b>3,853,651,434</b>
<b>Expenses</b>			
Cost of material consumed	22	2,434,239,844	3,297,210,691
Purchases of Stock-in-Trade			
Changes in inventories of Finished goods and Work - in -progress	23	537,309,460	50,023,628
Excise Duty on sale of goods			
Employee benefit expense	24	59,134,472	35,357,133
Finance Costs	25	142,504,602	166,103,078
Depreciation & amortization expense		187,772,982	233,858,490
Other Expenses	26	574,250,465	704,225,854
<b>Total Expenses</b>		<b>3,935,211,825</b>	<b>4,486,778,874</b>
<b>Profit before exceptional items &amp; tax</b>		<b>(346,708,875)</b>	<b>(633,127,440)</b>
Add: Exceptional Items		815,108,829	-
<b>Profit/(Loss) before tax</b>		<b>(1,161,817,704)</b>	<b>(633,127,440)</b>
<b>Less: Tax expenses</b>			
(1) Current tax			
of Current year			
of Earlier years		20,000,000	
(2) Deferred tax			
of Current year			
of Earlier years		-	-
<b>Total Tax Expenses</b>		<b>20,000,000</b>	<b>-</b>
<b>Profit after tax</b>	A	<b>(1,181,817,704)</b>	<b>(633,127,440)</b>
Other Comprehensive Income			
Other Comprehensive Income/ Expenses net of taxes expenses item that will not be reclassified to profit or loss		839,769	909,969
Total Other Comprehensive Income for the year	B	839,769	909,969
<b>Total Comprehensive Income for the year</b>	<b>(A+B)</b>	<b>(1,180,977,935)</b>	<b>(632,217,471)</b>

The accompanying Notes are an integral part of the financial statements

Sd/-  
Abhishek Verma  
Director

Sd/-  
P.N.Varshney  
Managing Director

As per our Report of even date  
For H. G. & CO.  
Chartered Accountants

Place : New Delhi  
Dated : 14.08.2018

Sd/-  
Shobhita Singh  
Company Secretary

Sd/-  
Shyam Bageshara  
CFO

Sd/-  
HIMANSHU GARG  
M. No. 403482

# RATHI STEEL AND POWER LIMITED

CIN L27109DL1971PLC005905

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

### 2 PROPERTY, PLANT AND EQUIPMENT

(Amount in Rupees)

PARTICULARS	G R O S S B L O C K			D E P R E C I A T I O N			N E T B L O C K			
	As at 01.04.2017 (Rs.)	Addition during the year (Rs.)	Sales/ Adjustment (Rs.)	As at 31.03.2018 (Rs.)	Upto 31.03.2017 (Rs.)	Adjustment (Rs.)	For the Year (Rs.)	Total Upto 31.03.2018 (Rs.)	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)
<b>FIXED ASSETS</b>										
Land Freehold	1,889,704	-	-	1,889,704	-	-	-	-	1,889,704	1,889,704
Land Leasehold	49,525,262	-	-	49,525,262	-	-	-	-	49,525,262	49,525,262
Boundary Wall	173,896	-	-	173,896	138,468	-	-	138,468	35,428	35,428
Building	582,928,342	-	-	582,928,342	151,189,761	-	18,462,052	169,651,812	413,276,530	431,738,581
Plant & Machinery	3,908,298,147	25,338,412	17,210,261	3,916,426,298	1,892,314,267	-	167,901,851	2,060,216,118	1,856,210,180	2,015,983,879
Furniture Fixtures	8,213,444	-	-	8,213,444	7,634,650	-	213,819	7,848,470	364,974	578,794
Office Equipment	4,725,149	477,405	-	5,202,554	4,347,443	-	693,961	5,041,404	161,150	377,706
Vehicles	25,400,350	54,101	337,629	25,116,822	24,728,592	164,497	129,022	24,693,118	423,704	671,758
Computers	11,164,995	34,000	-	11,198,995	10,243,578	-	372,277	10,615,855	583,140	921,417
<b>TOTAL</b>	<b>4,592,319,289</b>	<b>25,903,918</b>	<b>17,547,890</b>	<b>4,600,675,317</b>	<b>2,090,596,760</b>	<b>164,497</b>	<b>187,772,982</b>	<b>2,276,205,245</b>	<b>2,322,470,072</b>	<b>2,501,722,529</b>
<b>Previous Year</b>	<b>4,562,197,953</b>	<b>31,366,196</b>	<b>1,244,860</b>	<b>4,592,319,289</b>	<b>1,857,664,923</b>	<b>926,653</b>	<b>233,858,490</b>	<b>2,090,596,760</b>	<b>2,501,722,529</b>	

<b>WIP</b>	15,000	-	-	15,000	-	-	-	-	15,000	-
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Note : Sales / Adjustment in Plant & Machinery includes the amount of Insurance claim received as against damage caused thereto.

# RATHI STEEL AND POWER LIMITED

CIN L27109DL1971PLC005905

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

## 3 NON CURRENT INVESTMENTS

(Amount in Rupees)

Particulars	Face Value	As at March 31, 2018		As at March 31, 2017	
		No. of Shares	Value	No. of Shares	Value
<b>Non Trade Investments</b>					
<b>Quoted</b>					
<u>Equity Instruments</u> (At FVOCI)					
Bank of Baroda	2	635	29,210	635	29,210
State Bank of India	1	5,180	489,900	5,180	489,900
Focus Industrial Resources Ltd	10	2,400	20,086	2,400	20,086
BOB Pioneer PSU Mid Cap - Equity Plan	10	100,000	1,000,000	100,000	1,000,000
<b>Total Value of Quoted Investments</b>			<b>1,539,196</b>		<b>1,539,196</b>
<b>Unquoted</b>					
Moradabad Syntex Ltd	10	20000	1	20000	1
First Financial Services Ltd	10	1,000	10,000	1,000	10,000
Lynx Traders & Export Ltd	10	3,350	33,500	3,350	33,500
<b>Total Value of Unquoted Investments</b>			<b>43,501</b>		<b>43,501</b>
Less : Provision for diminution in Value			11,700		11,700
			<b>1,570,997</b>		<b>1,570,997</b>
<b>Fair Market Value of Quoted Investments</b>			<b>2,378,965</b>		<b>2,449,165</b>
<b>Fair Value of Unquoted Investments (Net of Provision)</b>			31,801		31,801
<b>Total</b>			<b>2,410,766</b>		<b>2,480,966</b>
<b>Comprehensive Income not to be reclassified to P &amp; L account</b>			<b>839,769</b>		<b>909,969</b>

## 4 OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017
Security Deposit	39,085,459	36,306,159
	<b>39,085,459</b>	<b>36,306,159</b>

## 5 OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivable and Advance recoverable in cash or kind or for value to be received	570,707,655	14,638,724
Others	25,143,750	8,000
	<b>595,851,405</b>	<b>14,646,724</b>

**RATHI STEEL AND POWER LIMITED**

CIN L27109DL1971PLC005905

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018****6 INVENTORIES**

(Amount in Rupees)

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Raw Material	71,105,102	154,279,166
Work-in-progress	-	-
Finished Goods	38,071,379	589,117,892
Stores & Spares	20,569,082	42,613,589
Fuel & Oils	1,588,008	1,178,613
	<b>131,333,571</b>	<b>787,189,259</b>

**7 TRADE RECEIVABLES**

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
(Unsecured)	314,470,908	423,082,461
Considered Good	3,342,263	3,657,682
Considered Doubtful	(449,472)	(449,472)
Less: Provision for doubtful Debts	-	623,234,704
Others	<b>317,363,699</b>	<b>1,049,525,375</b>

**8 CASH AND CASH EQUIVALENTS**

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Balance With Banks		
- On Current account	15,444,680	11,671,273
Cash on Hand	1,575,628	2,556,302
Deposits (Original maturity of less than 3 months.)	9,827,198	22,049,004
Interest accrued on Deposits	151,485	2,219,943
	<b>26,998,991</b>	<b>38,496,522</b>

**9 OTHER FINANCIAL ASSETS**

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Balance with Statutory/ Government Authorities	62,837,663	73,923,345
Trade advances	4,785,922	3,263,013
Less : Provision for doubtful	-337,500	-337,500
Advance recoverable in cash or kind or for value to be received	13,229,650	81,811,643
Security Deposits	1,194,000	3,666,372
	<b>81,709,734</b>	<b>162,326,873</b>



**RATHI STEEL AND POWER LIMITED**

CIN L27109DL1971PLC005905

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018****10 OTHER CURRENT ASSETS**

(Amount in Rupees)

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Prepaid Expenses	293,273	396,488
Advance Income Tax / Tax Deducted At Source	11,419,841	9,710,106
	<b>11,713,114</b>	<b>10,106,594</b>

**11 EQUITY SHARE CAPITAL**

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
<b>Authorized Share Capital</b>		
320,00,000 Equity shares, Rs. 10- par value (31 March 2018: 320,00,000 equity shares Rs. 10- each) (1 April 2016: 320,00,000 equity shares Rs. 10- each)	320,000,000	320,000,000
580,00,000 Redeemable Preferential shares, Rs. 10- par value (31 March 2018: 580,00,000 Redeemable Preferential Shares Rs. 10- each) (1 April 2016: 580,00,000 Redeemable Preferential Shares Rs. 10- each)	580,000,000	580,000,000
	<b>900,000,000</b>	<b>900,000,000</b>
<b>Issued, Subscribed and Fully Paid Up Shares</b>		
31308111 Equity shares, Rs. 10- par value fully paid up (31 March 2017: 31308111 equity shares Rs. 10- each) (1 April 2016: 31308111 equity shares Rs. 10- each)	313,081,110	313,081,110
45196748 Redeemable Preferential shares, Rs. 10- par value fully paid (31 March 2017: 45196748 Redeemable Preferential Shares Rs. 10- each) (1 April 2016: 45196748 Redeemable Preferential Shares Rs. 10- each)	451,967,480	451,967,480
	<b>765,048,590</b>	<b>765,048,590</b>

# RATHI STEEL AND POWER LIMITED

CIN L27109DL1971PLC005905

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

**Note (a): The reconciliation of the number of equity shares outstanding at the beginning and at the end of reporting period 31-03-2018:**

(Amount in Rupees)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	31,308,111	313,081,110	31,308,111	313,081,110
Add: Shares issued during the year	--	--	--	--
Less : Shares bought back (if any)	--	--	--	--
<b>Number of shares at the end</b>	<b>31,308,111</b>	<b>313,081,110</b>	<b>31,308,111</b>	<b>313,081,110</b>

**Note (b): The reconciliation of the number of redeemable preference shares outstanding at the beginning and at the end of reporting period 31-03-2018:**

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	45,196,748	451,967,480	45,196,748	451,967,480
Add: Shares issued during the year	--	--	--	--
Less : Shares bought back (if any)	--	--	--	--
<b>Number of shares at the end</b>	<b>45,196,748</b>	<b>451,967,480</b>	<b>45,196,748</b>	<b>451,967,480</b>

### Note No: Terms/rights attached to equity shares

The Company has issued two class of shares referred to as equity shares and Redeemable Preference Shares. The Equity Shares are having a par value of Rs. 10 per share whereas par value for each Redeemable Preference Shares is Rs. 10/- . Every holder of Equity Share is entitled to one vote per share in respect of all matters submitted to vote in the shareholders meeting. Redeemable Preference Shares are entitled to one vote per share, in respect of every resolutions placed before the Company which directly affect the rights attached to the shares. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of preferential amounts, in proportion of their shareholdings. The Redeemable Preference Shares shall become due for redemption after 10 years from the date of issue at a 100 % premium of the issue price. Further Redeemable Preference shares are entitled to cumulative preference dividend of 1% per annum in relation to the paid up capital.

**Note No: The details of shareholders holding more than 5% shares in the company:**

Name of the shareholder	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares held	% held	No. of shares held	% held
<b>(A) Equity Shares</b>				
Archit Securities Private Limited	4,035,223	12.89%	4,035,223	12.89%
DBG Leasing & Housing Limited	3,832,472	12.24%	3,832,472	12.24%
Pradeep Kumar Rathi	7,504,988	23.97%	7,504,988	23.97%
<b>(B) Redeemable Preferential Shares</b>				
DBG Leasing And Housing Limited	10,346,528	22.89%	10,346,528	22.89%
Archit Securities Private Limited	23,116,220	51.15%	23,116,220	51.15%
Char Investment and Trading Limited	6,454,000	14.28%	6,454,000	14.28%
Lenzing Poly Packs Limited	2,440,000	5.40%	2,440,000	5.40%

**RATHI STEEL AND POWER LIMITED**  
**CIN L27109DL1971PLC005905**  
**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018**

**12 OTHER EQUITY**

	AS AT 31.03.2018		AS AT 31.03.2017		AS AT 01.04.2016	
<b>(i) Reserve &amp; Surplus</b>						
(a) Revaluation Reserve	1,90,25,530.00		1,90,25,530.00		1,90,25,530.00	
(b) Capital Reserve	5,21,438.00		5,21,438.00		5,21,438.00	
<b>(c) Securities Premium Account</b>						
As Per Last Balance Sheet	1,080,922,699		1,080,922,699		1,080,922,699	
Add: Received during the year	-		-		-	
Balance	1,080,922,699		1,080,922,699		1,080,922,699	
<b>(d) General Reserve</b>						
As Per Last Balance Sheet	174,934,316		174,934,316		174,934,316	
<b>(e) Retained Earning</b>						
As Per Last Balance Sheet	-3,709,493,230		-3,076,365,790		-2,165,812,322	
(Add)/ Less: Loss for the current year	-1,181,817,704		-633,127,440		-910,553,468	
Less: Tax on Proposed Preference dividend	-		-		-	
<b>Closing Balance</b>	<b>-3,615,906,951</b>		<b>-2,434,089,246</b>		<b>-1,800,961,806</b>	

# RATHI STEEL AND POWER LIMITED

CIN L27109DL1971PLC005905

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

### 13 BORROWINGS

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
<b><u>Secured</u></b>		
<b>From Bank</b>		
Term Loans	2,161,358,606	1,858,279,891
Working Capital Term Loans	1,697,622,627	1,655,515,860
Funded Interest Term Loans	781,417,248	997,066,353
<b>From Others</b>		
Finance / Lease Obligations	42,085	42,085
	<b>4,640,440,566</b>	<b>4,510,904,189</b>

#### Notes

- Term Loans, Working Capital Term Loans and Funded Interest Term Loans from Banks are secured by :
  - First Pari- Passu charge on Fixed Assets of the company
  - Second Pari-Passu charge on Current Assets of the company,
  - Personal guarantee of Shri Pradeep Rathi and Shri Udit Rathi,
  - Pledge of Promoter's Equity Shareholdings i.e 51.47%.
  - First pari-passu mortgage and charge on the immovable properties of the Company situated at Ghaziabad, U P and Sambalpur, Odisha
  - First pari-passu mortgage and charge on the immovable property in the name of Sh Pardeep Kumar Rathi situated at 112-A, Sector 21, Gurgaon, Haryana
  - First Charge over Escrow/Trust and Retention Account
  - Pledge of 2840000 Remeemable Preference Shares held by Sh Pradeep Kumar Rathi and Sh Udit Rathi
- Vehicle/Equipment Loans are secured by the hypothecation of specific assets purchased under such arrangements.
- The Company has defaulted in repayment of dues to financial institutions, banks or debenture holders during the year and since previous years.

### 14 PROVISIONS

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits		
-Gratuity	18,723,633	19,239,429
	<b>18,723,633</b>	<b>19,239,429</b>

**RATHI STEEL AND POWER LIMITED**

CIN L27109DL1971PLC005905

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018****15 OTHER LONG TERM LIABILITIES**

(Amount in Rupees)

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Unsecured Loans	21,125,000	16,775,000
Sundry Creditors for Capital Goods	8,474,744	11,419,496
Other Term Liabilities	19,280,018	51,387,228
Trade Deposits from Dealers	1,157,485	1,157,485
	<b>50,037,247</b>	<b>80,739,209</b>

**16 BORROWINGS**

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Secured From Bank		
Working Capital Facilities (Including L/c Bills Crystallised)	1,764,564,004	1,742,199,310
BG Invoked	12,587,410	10,864,269
	<b>1,777,151,414</b>	<b>1,753,063,579</b>

**17 TRADE PAYABLES**

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Trade Payables	260,730,529	166,469,376
	<b>260,730,529</b>	<b>166,469,376</b>

**18 OTHER CURRENT LIABILITIES**

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Statutory Dues Payable	189,738,069	133,451,312
Advances From Customers	19,651,799	23,690,995
Other Payable	148,237,468	309,078,088
Current Maturities Of Finance/ Lease Obligations	-	11,024
	<b>357,627,336</b>	<b>466,231,419</b>

**19 PROVISIONS**

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Provisions for Employee Benefits		
- For Bonus	2,863,959	2,863,959
- For Leave encashment	492,358	492,358
Wealth Tax Payable	-	39,810
	<b>3,356,317</b>	<b>3,396,127</b>

# RATHI STEEL AND POWER LIMITED

CIN L27109DL1971PLC005905

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

### 20 REVENUE FROM OPERATIONS

(Amount in Rupees)

Particulars	2017-2018	2016-2017
Sale of Products	3,501,804,334	3,874,891,617
Sale of Services	-	-
<b>Other Operating Revenue</b>		
Others Operating Revenue	2,685,775	15,401,335
	3,504,490,109	3,890,292,952
Less : Excise Duty (Net)	-4,355,000	-72,794,653
	<b>3,500,135,109</b>	<b>3,817,498,299</b>

Note No : Goods and Service Tax (GST) have been effective from July 1, 2017. Consequently, Excise Duty, Value Added Tax (VAT), Service Tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of Excise Duty recovered on sales. With effect from July 1, 2017, 'Sale of products' excludes the amount of GST recovered. Accordingly, 'Revenue from operations' for the year ended March 31, 2018 are not comparable with those of previous year.

### 21 OTHER INCOME

Particulars	2017-2018	2016-2017
Interest Income	2,734,444	3,166,901
Net gain on sale of Fixed Assets	912	-
Dividend income from equity	21,510	40,755
Job Charges Received	46,310,200	28,994,420
Provision no longer required, written back	-	-
Sundry Balance Written Back (Net)	39,160,973	3,037,474
Insurance Claims Received	-	19,003
Claims Received	139,802	894,582
Exchange Fluctuation Gain (Net)		
	<b>88,367,841</b>	<b>36,153,135</b>

### 22 COST OF MATERIALS CONSUMED

Particulars	2017-2018	2016-2017
Inventory at the beginning of the year	154,279,166	182,494,056
Add: Purchases during the year	2,421,794,265	3,268,995,801
	<b>2,576,073,431</b>	<b>3,451,489,857</b>
Less: Inventories spoiled / damaged -written off	70,728,485	-
Less: Inventory at the end of the year	71,105,102	154,279,166
	<b>2,434,239,844</b>	<b>3,297,210,691</b>

**RATHI STEEL AND POWER LIMITED**

CIN L27109DL1971PLC005905

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018****23 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS** (Amount in Rupees)

<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>
<b><u>Inventories at the end of the year</u></b>		
Finished Goods	38,071,379	589,117,892
Work In Progress	-	-
	<b>38,071,379</b>	<b>589,117,892</b>
<b><u>Inventories at the beginning of the year</u></b>		
Finished Goods	589,117,892	639,688,436
Work In Progress	-	-
	<b>589,117,892</b>	<b>639,688,436</b>
Differential Excise duty on Increase/(decrease) in Stock	-12,782,409	-546,916
Increase / decrease in stock spoiled damaged written off	-954,643	-
	<b>537,309,460</b>	<b>50,023,628</b>

**24 EMPLOYEE BENEFIT EXPENSES**

<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>
Salaries, Wages and Bonus	56,340,880	32,134,056
Contribution to Provident and other fund	2,393,243	2,217,497
Staff Welfare Expenses	400,349	1,005,580
	<b>59,134,472</b>	<b>35,357,133</b>

**25 FINANCE COST**

<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>
Interest on Loans	142,221,387	160,199,955
Bank Charges & Processing fess	283,215	5,903,124
	<b>142,504,602</b>	<b>166,103,079</b>

**RATHI STEEL AND POWER LIMITED**

CIN L27109DL1971PLC005905

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

**26 OTHER EXPENSES**

(Amount in Rupees)

<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>
<b>A. Manufacturing Expenses</b>		
Consumption of Stores & Spares	175,872,510	186,483,204
Power & Fuel	353,261,140	436,332,849
Consultation Charges	41,000	83,770
Conversion Charges Paid	322,800	2,276,404
Repair & Maintenance		
Plant & Machinery	3,745,295	5,232,724
Building	-	11,122
Others	1,167,073	254,220
<b>B. Selling Expenses</b>		
Freight Outward	12,821,594	31,337,403
Advertisement and Sales & Promotion Expenses	120,184	38,803
Consignment Expenses	4,072,940	17,300,639
Testing Charges	750,971	925,030
<b>C. Administrative Expenses</b>		
Directors Salary	303,300	1,176,609
Guest House Maint.Expenses	9,778	8,815
Insurance Charges	2,875,341	1,960,616
Legal & Professional Charges	1,708,967	5,945,238
Miscellaneous Expenses	8,404,614	7,006,193
Vehicle Running & Maintenance	350,186	59,520
Postage, Telegram & Telephone	699,949	947,366
Printing & Stationery	265,395	547,258
Rates, Taxes & fee	348,398	348,440
Rent	1,607,150	1,493,265
Security Charges	2,182,873	2,508,516
Travelling & Conveyance Expenses	2,888,963	1,359,643
Auditors' Remuneration	400,000	400,000
Loss on Sale of Assets	30,044	188,207
	-	-
	<b>574,250,465</b>	<b>704,225,854</b>



# RATHI STEEL AND POWER LIMITED

CIN L27109DL1971PLC005905

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs. in Lacs)

Particulars		YEAR ENDED 31.03.2018	YEAR ENDED 31.03.2017
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit Before Taxation	(11,618.18)	(6,331.27)
	Adjustments for :		
	Depreciation	1,877.73	2,338.58
	(Profit)/ Loss on Sale of Assets	0.29	1.89
	Insurance Claim Received	-	(0.19)
	Interest Paid	1,422.21	1,602.00
	Claims Received	(1.40)	(8.95)
	Misc. Balance written back	(391.61)	(30.37)
	Dividend income	(0.22)	(0.41)
	Interest income	(27.34)	(31.67)
	<b>Operating profit before working capital changes:</b>	<b>(8,738.52)</b>	<b>(2,460.39)</b>
	<b>Adjustments for:</b>		
	Increase in Trade receivables	7,321.62	(60.02)
	(Increase)/Decrease in inventories	6,558.56	670.96
	(Increase)/Decrease in Loans & Advances and other assets	(5,049.73)	(155.87)
	Increase in Current Liabilities and Other Long Term Liabilities	(107.78)	2,486.57
	Cash Generated from Operation	(15.86)	481.25
	Less: Income Tax paid (net)	200.00	-
	<b>Net cash from operating activities:</b>	<b>(215.86)</b>	<b>481.25</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
	Purchase of Fixed Assets	(259.04)	(313.66)
	Change in Capital Work in Progress	-	-
	Dividend income	0.22	0.41
	Sales of Assets	1.44	1.30
	Insurance Claim	172.10	0.19
	Claims Received	1.40	8.95
	Interest income	27.34	31.67
	<b>Net cash used in investing activities :</b>	<b>(56.55)</b>	<b>(271.14)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Share Capital	-	-
	Receipt of Long Term Borrowings	1,295.36	1,446.60
	Payment of Long Term Borrowing	(0.11)	(4.43)
	Increase/(Decrease) in Short Term Borrowing	240.88	(154.91)
	Increase/(Decrease) in Unsecured loans	43.50	147.50
	Interest Paid (including borrowing costs capitalised)	(1,422.21)	(1,602.00)
	<b>Net cash used in Financing activities :</b>	<b>157.42</b>	<b>(167.24)</b>
	Net increase/(Decrease) in cash and cash equivalents	(114.98)	42.87
	Opening cash and cash equivalents	384.97	342.10
	Closing cash and cash equivalents	269.99	384.97

Sd/-  
Abhishek Verma  
Director

Sd/-  
P.N.Varshney  
Managing Director

As per our Report of even date  
For H. G. & CO.  
Chartered Accountants

Place : New Delhi  
Dated : 14.08.2018

Sd/-  
Shobhita Singh  
Company Secretary

Sd/-  
Shyam Bageshara  
CFO

Sd/-  
HIMANSHU GARG  
M. No. 403482

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

### 1. COMPANY INFORMATION

Rathi Steel And Power Limited(formerly Rathi Udyog Limited) (the Company) is a public limited company incorporated in 1971 and engaged in the business of Steel and Steel related products.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Preparation of Financial Statements:

The financial statements of the company have been prepared in accordance with the Indian Accounting standards (Ind AS) notified under the companies (Accounting Standards) Rules 2015 and Companies (Accounting Standards) Rules 2016, the provisions of Companies Act, 2013, and guidelines issued by the securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (INR) Amount.

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### b) Use of Estimates:

The preparation of the financial statements is in conformity with Ind AS requires Management to make estimates, judgments and assumptions. The preparation of

financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

#### c) Inventories:

Inventories are valued as per AS-2 (Valuation of Inventories) issued by the ICAI at cost (net of Taxes credit) or net realisable value, whichever is lower. Cost determined on weighted average basis and comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and includes, where applicable appropriate overheads. Inventory of Coal have been segregated according to usability at the time of physical verification and are stated at Cost or market price whichever is less.

#### d) PROPERTY, PLANT AND EQUIPMENT

##### Tangible Fixed assets and depreciation accounting:

Tangible Fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation / amortization /impairment. The cost of fixed assets includes freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowings cost directly attributable to fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. Interest on loans and other financial charges in respect of qualifying assets and expenditure incurred on startup and commissioning of the project and or substantial expansion, including the expenditure incurred on Trial Runs up to the date of commencement of commercial production are capitalized.

Leasehold land has been revalued as on 31st March, 1992.

**e) Depreciation**

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 as per Straight Line Method (SLM). Depreciation on additions/deductions has been calculated on day-to-day basis.

**f) Revenue Recognition**

Sales comprises of sales of goods and services but net of sales returns and includes inter unit transfers.

Interest income is accounted for on accrual basis.

Dividend income is accounted for on receipt of payment.

Job Charges / conversion charges are recognised at net of taxes .

**g) Investments**

Trade Investments are the investments meant to enhance the company's interest. Investments are classified as current or non-current based on the management's intention at the time of investment. Long-term investments are stated at cost. Provision for diminution in the value of long-term investment is made only if such a decline is permanent in nature.

**h) Impairment of Assets**

At each Balance Sheet date, the company reviews the carrying amounts of assets to determine whether there is any indication of impairment of assets. If any indication exists, the recoverable amount is estimated, at the higher of realizable value and value in use, as considered appropriate. If the estimated recoverable amount is less than the carrying amount, an impairment loss is recognized in the statement of Profit and Loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the

cash –generating unit to which the assets belongs. As per assessment conducted by the company as at March 31, 2018, there were no indications that the fixed assets have suffered an impairment loss.

**i) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged revenue.

**j) Current Tax and Deferred Tax:**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

In accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the deferred tax liability for timing differences between book profits and tax profits is accounted for using the tax rates and tax laws that have been enacted or substantially enacted as of Balance Sheet date. Deferred Tax Assets are recognized with regard to all deductible timing difference to the extent that it is probable that taxable profit will be available against which deductible timing difference can be utilized. When the company carries forward accumulated losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized.

**k) Trade Receivables**

Trade receivables represents amount billed to customers as credit sales and are net off any amount billed but for which revenues are reversed under the different accounting standard and impairment for

trade receivables which is estimated for amount not expected to be collected in full. The Company has written off such book debts of Rs.72.08 crores during the year.

**l) Retirement benefits**

Actual liability for gratuity is provided in respect of eligible employees. Other employees' benefits are accounted for as per Company's policy.

**m) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimates. Contingent Assets are not recognized in the financial statements.

**n)** The amount of Stores consumed during the financial year includes the value of stores issued for repair and maintenance.

**NOTES ON ACCOUNTS:**

**1. COMMITMENTS:**

Estimated amount of Contracts remaining to be executed on capital account-Rs.NIL (Rs.NIL)

**2. CONTINGENT LIABILITIES:**

A. No provision has been made for:

- a. Outstanding effective Bank Guarantees and Counter Guarantees given by the Company Rs.50,17,112/- (Rs.50,17,112/-).
- b. Outstanding Letter of Credit Rs. -NIL- (Rs.28013878/-)
- c. Sales tax Liability in respect of goods impounded-amount unascertained (The Company has deposited

Rs.26,90,000/- as security with the dept.)

- d. VAT/Sales Tax liability for various years in respect of which either the Company or the department has filed appeals with higher authority amounting to Rs.63,90,39,763/-.The Company is Confident to get relief and chances of any liability is very remote.
- e. Excise/Service tax cases pending with various statutory authorities being disputed Rs.18,96,71,534/- (18,52,57,686/-).The Company is Confident to get relief and chances of any liability is very remote.
- f. Civil/Recovery suits and Labour cases pending against the Company not acknowledged as debts -Rs.13,39,66,682/- (Rs.14,31,75,173/-).
- g. The layoff at Orissa unit has been rejected by the competent Labour Authority and raised compensation of Rs.4.65Crores. The Company has contested the same in the Court.
- h. As per Gas Sales Agreement between GAIL and Company, total annual take or pay deficiency up to March 2018works out to Rs.112.27 Crores and GAIL has raised a demand of Rs.42.71 Crores which is being disputed by the Company.
- i. WESCO utility, Orissa has raised a demand of Rs.1.24 Crores towards electricity bills charges for the period up to October 2014 which has been disputed by the Company. Office of the Ombudsman-II,OERC vide its order dated 11.04.2016 has directed the WESCO to revise its demand which is still awaited.
- j. The Company had increased its authorized share capital during the financial year 2014-15 but did not paid

the fees of Registrar of Companies for increased capital. Due to nonpayment of filing fees the Company could not upload / file annual returns and balance sheet with Registrar of Companies from FY 2015-16 onwards.

B. Surety given to sales tax dept. for others. The Company has not considered these as contingent liability as chances of out flow of resources are remote as Company has a right to claim the same from other party.

C. Income Tax and Sales Tax Assessments:

- a. While completing the block assessment, assessing officer has made additions of Rs. 8,98,70,000/ in AY 2010-11 and Rs.6,27,30,000/- in AY 2011-12 and accordingly reduced the carry forward losses to that extent. Though no demand has been raised on account of such adjustment, however the Company has disputed the order and filed Appeal before the appellate authority. The company is quite confident to get the additions dismissed.
- b. Additional liability, if any, in respect of pending assessments / appeals,

would be provided for on completion of assessments / disposal of appeals.

- c. Additional demand, if any, in respect of pending assessment of Sales Tax/ VAT/Entry Tax would be known only on completion of the assessments.

### 3. SEGMENTAL REPORTING:

The business activity of the company falls within one broad segment viz Steel. Hence the disclosure requirement of Accounting Standard-17 of "Segment Reporting" issued by the Institute of Chartered Accounts of India is not given.

### 4. FOREIGN CURRENCY TRANSACTIONS:

Expenditure in Foreign Currency:

- a. Raw material purchase (CIF) Rs.11562973/- (Rs.1,82,75,499/-)
- b. Capital Goods (CIF) – Rs.1432113/- (Rs.5034991/-).
- c. Stores Purchased(CIF)-Rs.27597030/- (Rs.20411312/-)

### Earning in Foreign Currency(FOB):

Finished goods sale Rs. Nil (Rs. Nil).

### Details of consumption of imported and indigenous items

Rs. in lacs

Particulars	Imported				Indigenous			
	2017-18	%	2016-17	%	2017-18	%	2016-17	%
Materials	115.63	0.39%	182.75	0.55%	24226.77	99.61%	32789.36	99.45%
Stores and Spares	275.97	14.96%	204.11	10.95%	1482.76	85.04%	1660.72	89.05%

### 5. Payment to auditors:

- a. Audit Fee – Rs.4,00,000(Rs.4,00,000).
- b. Fee for Limited Review – Rs.1,00,000(Rs.1,00,000).
- c. Out of Pocket Expenses-Rs.15,000 (Rs.15000).

6. Sundry debtors, advances, creditors & other liabilities includes inter parties transfers and

are subject to confirmation and consequent adjustments. In the opinion of the Board of Directors, the current assets and loans & advances except doubtful in nature would realize at least the amount at which these are stated in the Balance Sheet. For doubtful debts, the Board of Directors is very much hopeful for their recovery. Therefore, no provision has been made.

7. Lenders to the Company have since exited the approved CDR scheme in view of defaults being made by the Company in meeting its debt obligations as per restructuring scheme approved by CDR EG hence not considered any obligation as current liability.

#### 8. Earnings Per Share (EPS):

Earnings per Share (EPS) – the numerators and denominators used to calculate earnings per

Particulars	Year Ended on 31.03.2018	Year Ended on 31.03.2017
Profit/(Loss) attributable to the Equity Shareholders (Rs.)(A)	(1181817704)	(633127440)
Profit/(Loss) Cash attributable to the Equity Shareholders (Rs.) (B)	(994044722)	(399268950)
Weighted average number of Equity Shares Outstanding during the year (C)	31308111	31308111
Nominal Value of Share (Rs.)	10	10
Earnings Per Share (Rs.) (A)/(C)	(37.75)	(20.22)
Earnings Per Share (Cash) (Rs.) (B)/(C)	(31.75)	(12.75)

9. The company has incurred a net loss of Rs. 1,18,18,17,704.00 during the year ended on March 31, 2018 and as on that date the company's current liabilities exceed its current assets by Rs.182,97,46,486.00 and company's net worth has been fully eroded. Net loss for period under report consists of Rs. 83,51,08,829/- as against Extraordinary Items and Bad Debts written off during the year. The Company's financial performance has been adversely affected mainly due to depressed economic scenario, cheaper imports and lowers than desired infrastructure and real estate sector growth.

These financial statements have been prepared on a going concern basis on the strength of positive EBIDTA earnings at its Ghaziabad unit in the last two quarters, continued support of the promoters, bankers / other lenders and signs of recovery in general economic scenario.

#### 10. Related Party Disclosure:

In accordance with Accounting Standard (AS-18) on related party disclosure, where control

exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, along with description of relationship identified, are given below:

##### a) Individuals

1. NIL

##### b) Key Managerial Personnel

Shri P.N. Varshney

Shri Sumit Das

Shri Shyam Bageshara

##### c) The following transactions were carried out with related parties in the ordinary course of business:

(Rs)

Particulars	Key Managerial Personnel	Individuals
Paid for rendering of services	1027500.00	NIL

#### 11. Segmental Reporting:

The business activity of the company falls within one broad segment viz Steel. Hence the disclosure requirement of Accounting Standard-17 of "Segment Reporting" issued by the Institute of Chartered Accounts of India is not given.

#### 12. Previous year figures have been regrouped or recast wherever necessary

As per our Report of even date  
**For H. G. & CO.**  
**Chartered Accountants**

Sd/-  
**HIMANSHU GARG**  
**M. No. 403482**

Sd/-  
**Abhishek Verma**  
**Director**

Sd/-  
**Shyam Bageshara**  
**CFO**

Sd/-  
**P.N.Varshney**  
**Managing Director**

Sd/-  
**Shobhita Singh**  
**Company Secretary**

**Place : New Delhi**  
**Dated : 14.08.2018**

## RATHI STEEL AND POWER LTD.

Regd. off: Chauhan Market, Madanpur Khadar, Near Local Shopping Complex,  
Pocket- D & E, Sarita Vihar, New Delhi-110076  
Ph: 011- 4500 2400 Fax: 011-4500 2410 CIN L27109DL1971PLC005905  
Email ID: investors@rathisteelandpower.com Website: www.rathisteelandpower.com

### ATTENDANCE SLIP

I/We hereby record my presence at the 47th Annual General Meeting held on Saturday, 29th September, 2018 at 10:00 a.m. at The Little Theater Group, Copernicus Marg, New Delhi- 110001

Name of the Shareholders or Proxy (In Block Letters) \_\_\_\_\_

No. of Shares Held \_\_\_\_\_

Regd. Folio No. /DPID-CLID \_\_\_\_\_

\_\_\_\_\_  
Signature of the Shareholder/Proxy

#### Note:

PLEASE COMPLETE THIS ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.

-----Tear Here -----

## RATHI STEEL AND POWER LTD.

Regd. off: Chauhan Market, Madanpur Khadar, Near Local Shopping Complex,  
Pocket- D & E, Sarita Vihar, New Delhi-110076  
Ph: 011- 4500 2400 Fax: 011-4500 2410 CIN L27109DL1971PLC005905  
Email ID: investors@rathisteelandpower.com Website: www.rathisteelandpower.com

### PROXY FORM

[ Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Folio / DP-Client ID No.:

Name of the member(s) & Registered Address:

E-mail ID

I/We, being the Member(s) of .....Shares of Rathi Steel and Power Limited hereby appoint:

1. Name ..... Address .....

E-mail Id: ..... Signature..... or failing him;

2. Name ..... Address .....

E-mail Id: ..... Signature..... or failing him;

3. Name ..... Address .....

E-mail Id: ..... Signature..... or failing him;

As my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 47th Annual General Meeting of the Company, to held on Saturday 29th September 2018 at 10.00 a.m. at The Little Theater Group, Copernicus Marg, New Delhi- 110001 and at any adjournment thereof in respect of such resolutions as are indicated below:

S. No	Resolutions	For	Against
	<b>ORDINARY BUSINESS</b>		
1.	Consider and adopt audited financial statements of the Company for the financial year ended March 31, 2018, the Report of the Board of Director's and Auditor's thereon (Ordinary Resolution)		
2.	Ratification of appointment of Statutory Auditors and fixing their remuneration (Ordinary Resolution)		
	<b>SPECIAL BUSINESS</b>		
3	Approving the remuneration of the Cost Auditors for the financial year 2018-19 (Ordinary Resolution)		
4	Appointment of Sh. Abhishek Verma as Director (Ordinary Resolution)		

Signed this..... day of ..... 2018

Signature of Shareholder.....

Signature of Proxy holder(s).....

<p>AFFIX REVENUE STAMP</p>
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Note: This form of proxy in order to be effective should be duly complete and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.