



**16th
ANNUAL REPORT
2008 - 2009**

RATHI BARS LIMITED

For RATHI BARS LTD.

A handwritten signature in black ink, appearing to read "M. M. M. M. M.", positioned over the text "For RATHI BARS LTD.".

Authorized Signatory

RATHI BARS LIMITED

BOARD OF DIRECTORS	Sh. Kamlesh Kumar Rathi Sh. Anupam Rathi Sh. Anurag Rathi Sh. Harkishore Kejriwal Sh. Ashok Kumar Garg Sh. Binod Kumar Maheshwari
AUDITORS	M/s A. K. Vaish & Co. B-101, Gateway Towers, 24, Sector-IV, Vaishali, Distt. Ghaziabad (U.P.)
BANKERS	State Bank of Bikaner & Jaipur A-1/19, Safdarjung Enclave, New Delhi-110029
REGISTERED OFFICE	A-24/7, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044 Ph: 011-41831191-96 Fax: 011-41679787 Email: Contact@rathisteels.com
WORK OFFICE	SP1-7, RIICO Industrial Area, Khushkhhera, P.O. Tapukra, Distt. Alwar, Rajasthan Ph.: 01493-250046-50
REGISTRAR & SHARE TRANSFER AGENT	M/s MAS Services Limited, T-34, Second Floor, Okhla Industrial Area, New Delhi-110020 Ph: 011-26387281, 82, 83

RATHI BARS LIMITED

NOTICE

NOTICE is hereby given that Sixteenth Annual General Meeting of the Members of **M/S RATHI BARS LIMITED** will be held on **Wednesday, 30th day of September, 2009 at 10.00 A. M.** at the Registered Office of the Company situated at A-24/7, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon:

“RESOLVED THAT the Company’s audited Balance Sheet as at March 31st March, 2009, the audited Profit & Loss Account and the audited Cash Flow Statement for the financial year ended on that date together with Director’s and Auditor’s Report thereon be and are hereby approved and adopted”.

2. To consider and if though fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:

“RESOLVED THAT Shri Kamlesh Kumar Rath, who retires from the office of Director by rotation in this Annual General Meeting, be and is hereby re-appointed as a Director of the Company, whose office shall be liable for retirement by rotation”.

3. To consider and if though fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:

“RESOLVED THAT Shri Anurag Rath, who retires from the office of Director by rotation in this Annual General Meeting, be and is hereby re-appointed as a Director of the Company, whose office shall be liable for retirement by rotation.”

4. To consider and if though fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:

“RESOLVED THAT M/s AK Vaish & Co, Chartered Accountants, retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on remuneration to be decided by the Board of Directors”.

By order of the Board of Directors

FOR RATHI BARS LIMITED

(Managing Director)

Place New Delhi
Date: 5th September, 2009

RATHI BARS LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy, in order to be valid and effective must be deposited at the registered office of the company not less than 48th hours before the commencement of the meeting. A form of Proxy and Admission Slip is enclosed
2. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September 2009 to 30th September, 2009 (both days inclusive).
3. Members are requested to notify the change in their address and such communication be addressed to the Regd. Office of the Company or our Share Transfer Agent M/s MAS Services Limited having its office at T-34, Second Floor, Okhla Industrial Area, New Delhi-110020
4. Members are requested to bring their copy of the Annual Report along with the duly filled attendance slip. As a measure of economy, copies of the annual report will not be distributed at the Annual General Meeting.
5. Shareholders holding in Electronic form are requested to bring their Client ID and DPID at the meeting for easy identification.
6. The queries, if any, on the accounts should be sent to the Company at its registered office such a way that the Company will receive the same at least 10 days before the Annual General Meeting.
7. Pursuant to the recommendation of SEBI committee on Corporate Governance about the re-appointment of the retiring directors, the relevant details of the concerned directors are given in the report on Corporate Governance forming part of the Director's Report.

By order of the Board of Directors
FOR RATHI BARS LIMITED

Place: New Delhi
Date: 5th September, 2009

(Managing Director)

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Sixteenth Annual Report of your Company together with the Audited Accounts for the year ended March 31st, 2009.

(Rupees in Lakhs)

FINANCIAL RESULTS	Year	Year
	2008-2009	2007-2008
Income from Operations	25889.41	26069.35
Profit before Interest, Depreciation and Tax	712.13	644.61
Depreciation	144.33	101.66
Interest	190.69	123.24
Profit before Tax (PBT)	377.11	419.71
Profit after Tax (PAT)	310.46	200.24

REVIEW OF OPERATIONS AND FUTURE OUTLOOK

The Company has made a profit of Rs. 310.46 Lakhs during the year and is hopeful of maintaining and improving its positions in the future.

DIVIDEND

Your Directors do not recommend any dividend at this stage as the Company requires ploughing back of the profits to the projects in the implementation stage.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Kamlesh Kumar Rathi & Shri Anurag Rathi, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible for re-appointment. They have confirmed that they are not disqualified under Section 274(1) (g) of the Companies Act, 1956 and they are eligible to be re-appointed as Directors of the Company.

RATHI BARS LIMITED

OPERATIONAL REVIEW

It is a well known fact that economy is passing in recession. The economy trend changed from a strong growth to a lower growth rate. It was a challenge to maintain the margin on one hand, and to manage the risk on the other. During the year, your company had produced 61,175.195 MT CTD/TMT Bars and 27,696.100 MT Ingots as against production of 77,987.685 MT CTD/TMT Bars and 25,414.405 MT ingots, during the corresponding period of last year. During the year under review, the sales, both in term of quantity and value, came down and there was a drop in the capacity utilization. The long term outlook of Indian Economy looks good as India is set to become the third largest economy after China and USA by 2020.

FUTURE OUTLOOK:

In order to obtain more efficient operations, your company came with public issue in October, 2007. Management of your company has decided to make additions with the existing facility of Induction Melting Furnace for continuous availability of raw materials & Work for Continuous Casting Machine is under progress. The Management hopes to achieve new heights in the current segment.

SHARE CAPITAL

During the year, there is no change in the capital of the Company. The Company has utilized all the proceeds from IPO for the purposes set out in the prospectus issued in connection with the issue.

AUDITORS

M/s A. K. Vaish & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. They have confirmed that their re-appointment if made would be in conformity with the limits prescribed under Section 224 of the Companies Act, 1956.

CORPORATE GOVERNANCE

All the provisions of Corporate Governance as provided in the listing agreement of Bombay Stock Exchange with which the Company shares are listed.

A separate report on 'Corporate Governance' alongwith Auditors Certificate for its remarks is annexed hereto as a part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, A Management Discussion and Analysis Report, highlighting the performance and prospectus of the Company's business is attached and forming part of this report.

STATUS OF LISTING

The Company's shares are listed at Bombay Stock Exchange Ltd. The Company has paid the listing fees to the Stock Exchange, Mumbai for the year 2009-10.

The Company's shares are currently trading in compulsory DMAT Segment in BSE.

PUBLIC DEPOSITS

The Company has not invited or accepted any deposits pursuant to Section 58-A of the Companies Act, 1956. Hence no information is required to be appended to this report in terms of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank of India Directions, 1998).

DIRECTOR'S RESPONSIBILITY STATEMENT

The Board of Directors of your Company state:-

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii) That the Directors had 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 & Loss of the Company for that period;
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors had prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

During the year under review, there was no employee who falls under the Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required to be furnished under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are as follow:

A) CONSERVATION OF ENERGY:

The Company had taken adequate steps to improve the conservation of energy and this is a continuous process and forms an integral part of responsibilities of departmental heads. Some of the energy conservation steps taken are as follow:

- i) Optimum Capacity utilisation.
- ii) Optimization of pump and motor operations through standard operating practices.
- iii) Strict quality checks on inputs thus saving electricity consumption.
- iv) Minimisation of handling losses.
- v) Total Energy Consumption and Energy Consumption per unit of production is optimum as per industry standards.

RATHI BARS LIMITED

B TECHNOLOGY ABSORPTION

The Company is using technology, which is best available in the Steel Industry and always step forward to upgrade the same.

C FOREIGN EXCHANGE EARNINGS AND OUTGO (IN Rs)

During the year under review:

Foreign Exchange Earned	NIL
Foreign Exchange Outgo	8, 43, 524/-

INDUSTRIAL RELATIONS

During the year, your Company maintained harmonious and cordial industrial relations.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to offer their sincere thanks to the various Departments of the Central and State Governments, Bankers to the Company, all customers, dealers, suppliers and contractors for their continued valued assistance and support. Your directors also wish to place on record their appreciation for dedicated services rendered by all officers, staff and workers of the company all levels.

By order of the Board of Directors
FOR RATHI BARS LIMITED

Place: New Delhi

Date: 5th September, 2009

(Managing Director)

(Director)

RATHI BARS LIMITED

DECLARATION REGARDING COMPLIANCE BY BOARD OF DIRECTORS AND SENIOR MANAGEMENT/PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that all directors and senior management personnel of the Company have affirmed compliance with Code of Conduct of the Company for the financial year ended March 31, 2009 as envisaged in Clause 49 of the Listing Agreement with Stock Exchange.

Place: New Delhi
Date: 05.09.2009

Kamlesh Kumar Rathi
Managing Director

CERTIFICATE BY MANAGING DIRECTOR AND WHOLE TIME DIRECTOR:

We, Kamlesh Kumar Rathi, Managing Director and Anupam Rathi, Whole Time Director, certify that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: New Delhi
Date: 05.09.2009

Kamlesh Kumar Rathi
Managing Director

Anupam Rathi
Whole Time Director

RATHI BARS LIMITED

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

The Directors of the Company are pleased to present the Corporate Governance Report for the Financial Year 2008-2009. The Securities & Exchange Board of India introduced the Code of Corporate Governance for implementations by the listed companies vide an amendment to the Listing Agreement. The Shareholders and Investors of the Company will find the informations informative and useful.

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the year ended 31st March, 2009 are given hereunder divided into the following areas:

1. Company's Philosophy on Corporate Governance

The Company believes that for the success of its business, an adherence to the core values of integrity, honesty, accountability and Compliance of laws is of utmost significance. The Company continuously strives for improving performance. The Company believes that adherence to Corporate Governance in all its dealings will make the Company more committed towards its Shareholders, Government Authorities, Banks and Stock Exchange etc.

2. Board of Directors

A. Composition and Size of the Board

The composition of the Board of Directors as at 31st March 2009 is as follows:

Name	Designation	Executive/Non-executive Independent
Sh. Kamlesh Kumar Rathi	Managing Director	Executive
Sh. Anupam Rathi	Whole Time Director	Executive
Sh. Anurag Rathi	Whole Time Director	Executive
Sh. Harkishore Kejriwal	Director	Non Executive and Independent
Sh. Ashok Kumar Garg	Director	Non Executive and Independent
Sh. Binod Kumar Maheshwari	Director	Non Executive and Independent

B. Board meetings held during the year

The Board meets at least once in a quarter to consider, amongst other business, the quarterly performance of the Company and its financial results. The Board held 8 meetings during the financial year 2008-09 on 30th April 2008, 12th June 2008, 31st July 2008, 1st September 2008, 31st October 2008, 16th December 2008, 31st Jan 2009 & 31st March 2009. All the relevant information needed for taking decisions by the Board is made available to the directors at the meetings.

RATHI BARS LIMITED

The Board and its Committees formulate policy decisions, to lead and control the Company. The Composition of the Board is in conformity with the amendments in the Listing Agreement. No Director is a member of more than 10 Committees or Chairman of more than of 5 Committees across all companies in which they are directors. The details are as under:

S. No.	Name of Directors	No. of Board Meetings attended	Attendance at last AGM	Number of Outside Directorship (s) (*)	Total Number of Membership (s) in other Board Committees	Number of Chairmanship (s) in other Board Committees
1	Sh. Kamlesh Kumar Rathi	8	Yes	6	Nil	Nil
2	Sh. Anupam Rathi	8	Yes	8	Nil	Nil
3	Sh. Anurag Rathi	8	Yes	7	Nil	Nil
4	Sh. Harkishore Kejriwal	4	Yes	4	Nil	Nil
5	Sh. Ashok Kumar Garg	3	Yes	6	Nil	Nil
6	Sh. Binod Kumar Maheshwari	3	Yes	4	Nil	Nil

C. Information in cases of appointment or reappointment as required under listing agreement is given as under

Shri Kamlesh Kumar Rathi & Shri Anurag Rathi, being the promoters of the Company & has been on the Board of the Company since incorporation. Shri Kamlesh Kumar Rathi is the Managing Director of the Company and taking care of overall administration of the Company and Shri Anurag Rathi, is the Whole Time Director of the Company and is the in-charge of the operations of the Factory and looks after production and Purchase of the Company.

3. AUDIT COMMITTEE

The Company has constituted Audit Committee as per Clause 49(1) (b) of the Listing Agreement to review the internal audit systems and it comprises of Independent Directors in compliance of clause 49 II(i) of the Listing Agreement. Sh. Ashok Kumar Garg, is the Chairman of the Committee, Shri Kamlesh Kumar Rathi and Shri Harkishore Kejriwal are the members of the Committee. Finance Manager and Statutory Auditors are the invitees to the meeting. The terms of reference of this Committee cover the matters specified for Audit Committees under clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

RATHI BARS LIMITED

4. REMUNERATION COMMITTEE

REMUNERATION OF DIRECTORS

The Company has paid remuneration to Directors Mr. Kamlesh Kumar Rathi, Mr. Anupam Rathi and Mr. Anurag Rathi and there is no change in the remuneration of any managerial personnel, therefore, no remuneration meeting was desired to be held. Details of remuneration to Managing Director and whole time Directors are as follow:

S.No.	Name of the Director	Amount (in Rs. Lakhs)
1.	Mr. Kamlesh Kumar Rathi (Managing Director)	30.00
2.	Mr. Anupam Rathi (Whole Time Director)	19.80
3.	Mr. Anurag Rathi (Whole Time Director)	19.80

5. SHARE TRANSFER AND INVESTOR GRIAVANCE COMMITTEE

The Company has an Investors Grievance Committee under the nomenclature 'Share Transfer and Investor Grievance Committee.' The Committee looks after the redressal of Shareholders and Investors Grievances and approves transfer/transmission, sub-division and issue of duplicate share certificates etc. The Company's Registrars and Share Transfer Agents handle the investor grievances in consultation with the secretarial department of the Company. The Registrars have adequate skilled staff with potential qualifications and advanced computer systems for speedy redressal of the investor grievances. The total process of settlement of a complaint right from its receipt to disposal is fully computerized to ensure timely settlement. It normally takes 10-15 days from the receipt of complaint for disposal of investor grievance. In addition to the above, the company has Share Transfer and Investor Grievance Committee in accordance with the requirements of Clause 49 of the Listing Agreement. Shri Ashok Kumar Garg, independent director is the Chairman of the Committee and Shri Anupam Rathi and Shri Anurag Rathi; whole Time Directors are the members of the Committee.

The Company received 6 shareholders complaints and all the complaints were resolved during the year.

6. GENERAL BODY MEETINGS

The General Meetings of the last three years of the Company have been held as under:

For the Year	Location	Day and Date	Time	No. of Special Resolutions passed
2007-2008 (AGM)	A-24/7, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044	Tuesday, 30th September, 2008	12:00 Noon	Nil
EGM	A-24/7, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044	Saturday, 03 rd November, 2007	11:30 A.M.	Three
2006-2007 (AGM)	A-24/7, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044	Friday, 31 st August, 2007	11:00 A.M.	Nil
EGM	A-24/7, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044	Wednesday, 10 th January, 2007	11:30 A.M.	One
EGM	A-24/7, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044	Monday, 11 th December, 2006	11:30 A.M.	One
2005-2006 (AGM)	B-1/9, Malviya Nagar, New Delhi-110044	Saturday, 30 th September, 2006	4:00 P.M.	Nil
EGM	B-1/9, Malviya Nagar, New Delhi-110044	Saturday, 25 th November, 2006	11:30 A.M.	Three

The Company's shareholders through postal ballot have passed no resolution during the Financial Year 2008-09 and there is no resolution proposed to be passed through postal ballot in the ensuing Annual General Meeting.

7. DISCLOSURES

There were no materially significant related party transactions during the year having potential conflict with the interest of the Company. The transactions with related parties are disclosed in Note on Accounts No. (g) in the Annual Report.

There were no instances of non-compliance by the Company or penalty being imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

RATHI BARS LIMITED

8. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly un-audited/Audited financial results of the Company were published in leading newspapers viz. Veer Arjun (Hindi) and Pioneer (English). Half-yearly results are not sent to each shareholder's address as a matter of economy.

Management Discussion and Analysis is a part of the Annual Report.

9. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

-Day, Date and Time	: Wednesday, 30 th September, 2009 at 10.00 A. M.
-Venue	: A-24/7, Mohan Co-operative Industrial Estate, New Delhi-110044
Financial Calender	
Financial Year	: April to March
First quarter Results	: By end July, 2008
Second Quarter Results	: By end October, 2008
Third Quarter Results	: By end January, 2009
Fourth Quarter Results for the Year Ending	: By end April, 2009
Annual General Meeting for the year ending March 31, 2008	: 30th September, 2008
Dividend Payment Date	: NA
Listing on Stock Exchanges	: Bombay Stock Exchange Ltd. Floor 25, P J Towers, Dalal Street, Mumbai-400 001

Market Price Data

Month	Bombay Stock Exchange		Month	Bombay Stock Exchange	
	High(Rs.)	Low(Rs.)		High(Rs.)	Low(Rs.)
April, 08	18.54	14.40	October, 08	09.85	05.23
May, 08	18.85	15.00	November, 08	07.40	05.40
June, 08	15.70	11.25	December, 08	07.60	05.07
July, 08	12.65	09.85	January, 09	07.84	05.10
August, 08	14.49	11.60	February, 09	06.10	04.00
September, 08	12.45	08.11	March, 09	05.25	04.00

RATHI BARS LIMITED

Utilisation of Proceeds from Public Issue

Particulars	As on 31.03.2009 (Rs.in Laacs)
Total Proceeds from Public Issue	2500.00
Public Issue Expenses	139.00
Working Capital	1109.14
Plant & Machinery	1251.86

10) Distribution of Shareholding as on 31st March 2009

SHAREHOLDING	NO. OF SHARE- HOLDERS	%AGE	NO.OF SHARES	%AGE
Upto-5000	8981	73.153	1908782	11.689
5001-10000	1794	14.613	1316254	8.060
10001-20000	1131	9.212	1559174	9.548
20001-30000	148	1.206	376682	2.307
30001-40000	50	0.407	183213	1.122
40001-50000	40	0.326	189692	1.162
50001-100000	68	0.554	495018	3.030
100001-Above	65	0.529	10301542	63.082
TOTAL	12217	100.00	16330357	100.00

11) Dematerialisation of Shares

The Company's shares are currently trading in compulsory DMAT Segment in BSE

12) Address for correspondence

Shareholders correspondence may be addressed to: I. The Registrar & Transfer Agent

M/s MAS Services Limited, T-34, Second Floor, Okhla Industrial Area, New Delhi-110020

OR

M/s Rathi Bars Limited, A-24/7, Mohan Cooperative Industrial Estate, Mathura Road,
New Delhi-110044

RATHI BARS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

The year under review was eventful for the Company as well as for the Indian Capital Markets. The financial markets world over are experiencing the onset of a recessionary phase. News regarding unavailability of funds for operations, leading to cut in production, reduction in selling prices, re-trenchment of workers, review of expansion plans etc by entrepreneurs has become common. Needless to mention that Indian economy, may not be termed to be absolutely immune to the pressures of the global recession.

Barring unforeseen circumstances, your Company is expected to maintain and improve its working in the current year.

The internal control systems and procedures adopted by the Company are adequate and commensurate with the size of operations of the Company. These systems and procedures are fine tuned from time to time to meet the requirements.

Statements made in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. However, these statements would be subject to conditions of the stock market, changes in the policies of the government, economic development, reforms and various other factors

A. K. VAISH & CO.

CHARTERED ACCOUNTANTS

B-101, GATEWAY TOWERS, 24, SECTOR-IV,
VAISHALI, DISTT. GHAZIABAD (U.P.)

Dear Members
M/s Rathi Bars Limited
New Delhi

Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance procedures implemented by Rathi Bars Limited for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange (BSE).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review and according to the information and explanation given to us, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange:

On the basis of records maintained of the Investors'/ Shareholders' Grievance cum Share Transfer Committee of the Company information provided by the management, we state that no investor grievance(s) is/are pending for a period exceeding one month against the Company.

We further 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 A. K. Vaish & Co.
Chartered Accountants

Place: New Delhi
Date: 05th September, 2009

A. K. Vaish
Proprietor

RATHI BARS LIMITED

AUDITORS' REPORT

To the Members,

RATHI BARS LIMITED

We have audited the attached Balance Sheet of RATHI BARS LIMITED as at 31st March, 2009, Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
 - a. We have 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 accounts, as required by law, have been kept by the Company, so far as appears from our examination of such books;
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. In our opinion, and based on information and explanations given to us, none of the Directors are disqualified as on 31st March, 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the Significant Accounting Policies, Cash Flow Statement and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in the conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2009;
 - ii. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the Cash Flow of the Company for the year ended on that date;

For A. K. VAISH & Co.
Chartered Accountants

Place : New Delhi

Dated : 04.08.2009

A. K. VAISH
PROPRIETOR
Membership No.71088

ANNEXURE TO THE AUDITORS' REPORT

Re: Rath Bars Limited

(Referred to in paragraph 1 of our report of even date)

1. In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, all the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and going concern status of the Company is not affected.
2. In respect of its inventories :
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - a. The Company has not granted any loans/advances to any parties and taken loans/advances from 6 (Six) party/ies aggregating to Rs. 2,38,55,000/- (Rupees Two Crore Thirty Eight Lacs Fifty Five Thousand only).
 - b. In our opinion and according to the information and explanations given to us, the rate of interest, wherever, applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - c. In respect of loans taken by the Company, the interest payments are regular and the principal amount is repayable on demand.
 - d. There is no overdue amount in respect of loans taken by the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. As explained to us, the transactions exceeding to Rs. 5,00,000/- or more during the year

RATHI BARS LIMITED

6. have been entered in the register maintained under section 301 of the Companies Act, 1956. The Company has not accepted any deposits from the public.
7. In our opinion, the internal audit system of the Company is commensurate with its size and *nature of its business*.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209(1) (d) of Companies Act, 1956. Therefore, clause 4 (viii) of the Companies (Auditor's) Report Order 2003 is not applicable to the company.
9. In respect of statutory dues :
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales tax, Wealth tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable.
 - b. According to the records of the company, there are no dues of sale tax, income tax, custom duty, wealth tax, excise duty or cess have not been deposited on account of any dispute.
10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name.
15. As per information and explanations given to us, the company has not given guarantee loans taken by others from banks or financial institutions.

RATHI BARS LIMITED

16. In our opinion and according to the information and explanation given to us, the term loans were applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no funds raised on short term basis have been used for long term investment. Similarly, no funds raised on long term basis have been used for short term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year. Hence the requirement of Clause (xix) of paragraph 4 of the order is not applicable to the company.
20. The Company has raised a sum of Rs. 25.00 crore by way of public issue in the previous year and the proceeds have been utilized for the purpose as mentioned in the prospectus.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For A. K. VAISH & Co.
Chartered Accountants

Place : New Delhi
Dated : 04.08.2009

A. K. VAISH
POPRIETOR
Membership No.71088

RATHI BARS LIMITED

Regd. Office : A-24/7, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044

AUDITED BALANCE SHEET AS AT 31st March, 2009

PARTICULARS	SCHEDULE	AS AT 31st March, 2009 (RUPEES)	AS AT 31st March, 2008 (RUPEES)
I SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS			
a. Share capital	[1]	163,303,570	163,303,570
b. Reserves & surplus	[2]	402,929,248	371,882,806
2. LOAN FUNDS			
a. Secured loans	[3]	182,817,957	149,028,013
b. Unsecured loans	[4]	49,023,744	48,953,750
3. DEFERRED TAX LIABILITIES (NET)			
(Refer item 2h of Notes of Accounts)			
		38,129,721	32,426,487
TOTAL		836,204,240	765,594,626
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross block	[5]	352,064,449	311,149,950
b. Less : Depreciation		109,975,241	96,492,785
c. Net block		242,089,208	214,657,165
d. Add : Capital -in-progress		41,037,077	33,284,258
SUB TOTAL		283,126,285	247,941,423
2. INVESTMENTS			
	[6]	195,649,768	194,873,612
3. CURRENT ASSETS, LOAN & ADVANCES			
a. Inventories	[7]	126,153,636	120,676,298
b. Sundry debtors	[8]	229,672,034	248,804,394
c. Cash & bank balances	[9]	5,521,465	18,453,219
d. Loans & advances	[10]	152,541,425	139,385,692
SUB TOTAL		513,888,560	527,319,603
e. Less : Current liabilities & provisions	[11]	156,460,373	204,650,804
f. Net current assets		357,428,187	322,668,799
4. MISC. EXPENDITURE :			
(To the extent not written off or adjusted)			
	[12]	-	110,792
TOTAL		836,204,240	765,594,626

Significant Accounting Policies & Notes on Accounts
As per our report of even date attached
For A.K. Vaish & Co.
Chartered Accountants

A.K. Vaish
Proprietor
Membership No. 71088

Place : New Delhi
Date : 04.08.2009

For and on behalf of the Board of Directors

(Managing Director)

(Director)

RATHI BARS LIMITED

Regd. Office : A-24/7, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044

AUDITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

PARTICULARS	SCHEDULE	YEAR 2008-09 (RUPEES)	YEAR 2007-08 (RUPEES)
<u>INCOME</u>			
Income from Operation		2,588,940,790	2,606,934,665
Other Income		18,576,334	16,066,405
Increase in Stocks	[13]	28,305,500	7,889,031
		2,635,822,624	2,630,890,101
<u>EXPENDITURE</u>			
Manufacturing Expenses	[14]	2,529,104,967	2,464,681,135
Administrative, Selling & Distribution Expenses	[15]	35,393,561	101,637,181
Financial Charges	[16]	19,068,772	12,323,690
Miscellaneous Expenditure		110,792	110,792
Depreciation		14,432,984	10,166,051
		2,598,111,076	2,588,918,849
Net Profit Before Tax		37,711,548	41,971,252
Add: Excess provision for taxation		561,786	
Less: Income Tax for the Year		1,023,000	3,716,000
Wealth Tax		58,097	36,528
Fringe Benefit Tax		442,561	382,639
Deferred Tax		5,703,234	17,811,542
(Refer item 2h of Notes of Accounts)			
Profit After Tax		31,046,442	20,024,543
Add: Balance brought forward		190,752,444	170,727,901
Balance carried forward		221,798,886	190,752,444
Significant Accounting Policies & Notes on Accounts	[17]		
As per our report of even date attached			
For A.K. Vaish & Co.			
Chartered Accountants			

For and on behalf of the Board of Directors

A.K. Vaish
Proprietor
Membership No. 71088

(Managing Director)

(Director)

Place : New Delhi
Date : 04.08.2009

RATHI BARS LIMITED

SCHEDULE (1)

SHAREHOLDERS FUNDS :

PARTICULARS	AS AT	
	31st March, 2009 (RUPEES)	31st March, 2008 (RUPEES)
1. AUTHORISED :		
1,80,00,000 Equity Shares of Rs. 10 each	180,000,000	180,000,000
(Previous Year : 1,80,00,000 Equity Shares of Rs.10 each)		
2. ISSUED, SUBSCRIBED & PAID-UP		
1,63,30,357 Equity Shares (Previous Year : 1,63,30,357	163,303,570	163,303,570
Equity Shares) of Rs. 10 each Called-up and Fully Paid-up.		
TOTAL	163,303,570	163,303,570

SCHEDULE (2)

RESERVES & SURPLUS

PARTICULARS	AS AT	
	31st March, 2009 (RUPEES)	31st March, 2008 (RUPEES)
Profit & loss account	221,798,886	190,752,444
Share Premium	178,571,425	178,571,425
Reserve for deferred taxes	2,558,937	2,558,937
	402,929,248	371,882,806

RATHI BARS LIMITED

SCHEDULE (3) SECURED LOANS :

PARTICULARS	AS AT 31st March, 2009 (RUPEES)	AS AT 31st March, 2008 (RUPEES)
A. TERM LOANS		
1. Rajasthan State Industrial Development & Investment Corporation Ltd., Jaipur.(Against hypothecation of land, Building, Plant & Machineries on parri passu basis with State Bank of Bikaner & Jaipur . New Delhi & guaranteed by Executive Directors)	12,216,000	16,664,000
2. State Bank of Bikaner & Jaipur, New Delhi.(Against hypothecation of land, Building, Plant & Machineries on parri passu basis with Rajasthan State Industrial Development & Investment Corporation Ltd., Jaipur, & guaranteed by Executive Directors)	29,525,381	45,031,483
B. WORKING CAPITAL LIMITS		
State Bank of Bikaner & Jaipur, New Delhi (Secured by hypothecation of stock & Book debts and Guaranteed by Executive Directors)	136,666,391	84,942,933
C. AUTOMOBILE LOANS		
1. From ICICI Bank Ltd.	293,892	1,162,642
2. From GMAC Financial Services (I) Ltd.	-	176,848
3. From TML Financial Services Ltd.	59,617	171,154
4. From HDFC Bank	3,686,534	878,953
4. From Tata Capital Ltd. (Secured by Hypothecation of relevent Vehicle)	370,142	
TOTAL	182,817,957	149,028,013

SCHEDULE (4) UNSECURED LOANS

PARTICULARS	AS AT 31st March, 2009 (RUPEES)	AS AT 31st March, 2008 (RUPEES)
INTEREST FREE LOANS		
From Body Corporates & Directors	23,855,000	15,750,000
Security deposits	25,168,744	33,203,750
TOTAL	49,023,744	48,953,750

RATHI BARS LIMITED**SCHEDULE (5)
FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.2008	Addition	Deletion	As at 31.03.2009	Up to 31.03.2008	Addition	Deduction	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land	3,921,141	-	-	3,921,141	-	-	-	-	3,921,141	3,921,141
Building	32,231,792	9,268,795	-	41,500,587	7,915,234	1,128,712	-	9,043,946	32,456,641	24,316,558
Plant & Machinery	260,701,371	28,180,572	-	288,881,943	83,874,102	11,926,042	-	95,800,144	193,081,799	176,827,269
Tubewell	222,080	-	-	222,080	157,925	6,415	-	164,340	57,740	64,155
Furniture	265,493	89,531	-	355,024	171,463	79,098	-	250,561	104,463	94,030
Vehicle	13,808,073	4,837,168	1,461,567	17,183,674	4,374,061	1,292,717	950,528	4,716,250	12,467,424	9,434,012
	311,149,950	42,376,066	1,461,567	352,064,449	96,492,785	14,432,984	950,528	109,975,241	242,089,208	214,657,165
CWIP	33,284,258	42,326,159	34,573,340	41,037,077	-	-	-	-	41,037,077	33,284,258
Total	344,434,208	84,702,225	36,034,907	393,101,526	96,492,785	14,432,984	950,528	109,975,241	283,126,285	247,941,423
Previous Year	266,860,389	77,573,819	-	344,434,208	86,326,734	12,802,843	2,636,792	96,492,785	247,941,423	180,533,655

RATHI BARS LIMITED

SCHEDULE (6) INVESTMENTS :

PARTICULARS	AS AT 31st March, 2009 (RUPEES)	AS AT 31st March, 2008 (RUPEES)
LONG TERM INVESTMENT		
Non Trade, Unquoted:		
a) Govt. Securities		
National Saving Certificates	6.045	6.045
b) Others		
Mutual Funds	189,343,350	188,567,194
Trade, Quoted:		
Equity shares	6,300,373	6,300,373
TOTAL	195,649,768	194,873,612

SCHEDULE (7) INVENTORIES :

PARTICULARS	AS AT 31st March, 2009 (RUPEES)	AS AT 31st March, 2008 (RUPEES)
Finished goods	67,837,602	41,791,589
Raw material	51,130,430	73,611,943
Stores & spares	1,502,304	1,810,805
Oil & fuel	647,089	685,237
Scrap	5,036,211	2,776,724
TOTAL	126,153,636	120,676,298

SCHEDULE (8) SUNDRY DEBTORS (Unsecured But Considered Good)

PARTICULARS	AS AT 31st March, 2009 (RUPEES)	AS AT 31st March, 2008 (RUPEES)
Debts outstanding for more than six months	13,801,844	11,122,075
Others	215,870,190	237,682,319
TOTAL	229,672,034	248,804,394

RATHI BARS LIMITED

SCHEDULE (9)

CASH & BANK BALANCES

PARTICULARS	AS AT	AS AT
	31st March, 2009 (RUPEES)	31st March, 2008 (RUPEES)
Cash in hand	553,311	1,564,243
Balances with scheduled banks in current accounts	4,968,154	16,888,976
TOTAL	5,521,465	18,453,219

SCHEDULE (10)

LOANS & ADVANCES :

PARTICULARS	AS AT	AS AT
	31st March, 2009 (RUPEES)	31st March, 2008 (RUPEES)
Advance recoverable in cash or in kind or for value to be received	120,224,927	111,486,636
Advance tax & TDS	7,080,084	6,486,042
Security deposits	25,236,414	21,413,014
TOTAL	152,541,425	139,385,692

SCHEDULE (11)

CURRENT LIABILITIES & PROVISIONS :

PARTICULARS	AS AT	AS AT
	31st March, 2009 (RUPEES)	31st March, 2008 (RUPEES)
CURRENT LIABILITIES		
Sundry creditors (See Notes on Accounts- , Schedule-17)	105,404,536	107,492,890
Advance received from customers	30,348,034	71,760,440
Interest accrued but not due for Payment	240,194	337,523
Other current liabilities	12,726,951	16,916,151
	148,719,715	196,507,004
PROVISIONS		
Provision for taxation	7,740,658	8,143,800
TOTAL	156,460,373	204,650,804

SCHEDULE (12)

MISCELLANEOUS EXPENDITURE & LOSSES

PARTICULARS	AS AT	AS AT
	31st March, 2009 (RUPEES)	31st March, 2008 (RUPEES)
Preliminary expenses	-	21,654
Pre-operative Expenses	-	89,138
TOTAL	-	110,792

RATHI BARS LIMITED

SCHEDULE (13)

INCREASE / (DECREASE) IN STOCK

PARTICULARS	YEAR 2008-09 (RUPEES)	YEAR 2007-08 (RUPEES)
OPENING STOCK		
Finished goods	41,791,589	32,719,127
Scrap	2,776,724	3,960,155
	<u>44,568,313</u>	<u>36,679,282</u>
CLOSING STOCK		
Finished goods	67,837,602	41,791,589
Scrap	5,036,211	2,776,724
	<u>72,873,813</u>	<u>44,568,313</u>
Increase in stocks	<u>28,305,500</u>	<u>7,889,031</u>

SCHEDULE (14)

MANUFACTURING EXPENSES

PARTICULARS	YEAR 2008-09 (RUPEES)	YEAR 2007-08 (RUPEES)
Purchases	12,117,001	2,349,178
Raw Material Consumption	1,932,358,319	1,789,851,490
Stores & spares	37,351,938	40,297,062
Excise duty paid	275,645,547	348,580,476
Educational cess paid	5,512,942	6,971,743
Secondary & Higher Education Cess paid	2,756,469	3,484,871
Export Fees	5,807,168	-
Power & fuel	218,638,895	241,521,882
Labour wages	5,082,767	2,497,858
Production contract wages	21,390,799	18,831,801
Salaries	3,317,051	2,922,918
Employees welfare	1,198,275	1,364,949
Provident fund (Employers)	270,454	208,612
Gratuity	124,167	247,840
Repairs & maintenance	7,533,175	5,550,455
TOTAL	<u>2,529,104,967</u>	<u>2,464,681,135</u>

RATHI BARS LIMITED

SCHEDULE (15)

ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES

<u>PARTICULARS</u>	<u>YEAR 2008-09 (RUPEES)</u>	<u>YEAR 2007-08 (RUPEES)</u>
Administrative charges	98,830	72,044
Advertisement & Selling Expenses	772,777	8,994,864
Auditor's fees	80,000	30,000
Bonus	210,833	138,078
Books & periodicals	12,297	7,457
Commission & brokerage	794,759	1,413,440
Directors salary	6,960,000	5,565,000
Donation	104,836	56,500
Freight & cartage and consignment expenses	10,708,489	6,347,107
General expenses	1,652,594	1,573,282
Insurance	496,258	477,032
Keyman insurance policy	1,711,993	1,887,041
Legal & professional charges	2,082,324	3,028,037
Loss on sale of Vehicles	119,373	-
Postage expenses	145,553	73,148
Printing & stationery	598,966	1,253,446
Public Issue Expenses	-	13,898,559
Royalty	413,742	413,795
Rates, taxes & fees	341,661	1,091,326
Rent	80,000	36,000
Sales Promotion	211,997	629,437
Security service charges	376,663	433,417
Security Transaction Tax	47,134	-
Short Term Loss On Mutual Funds	-	48,094,306
Telephone expenses	1,120,742	1,336,511
Travelling & conveyance	3,243,092	2,104,940
Vehicles repair & maintenance	3,008,648	2,682,414
TOTAL	<u>35,393,561</u>	<u>101,637,181</u>

SCHEDULE (16)

FINANCIAL CHARGES :

<u>PARTICULARS</u>	<u>YEAR 2008-09 (RUPEES)</u>	<u>YEAR 2007-08 (RUPEES)</u>
Interest on Term Loans	2,293,428	3,347,170
Others	16,775,344	8,976,520
TOTAL	<u>19,068,772</u>	<u>12,323,690</u>

SCHEDULE-17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS:

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting:

Accounts have been prepared under the historical cost convention, in accordance with applicable mandatory accounting standards issued by the institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b. Revenue Recognition:

The company follows the accrual system of accounting to recognise income and expenditure.

c. Fixed Assets:

All fixed assets are valued at cost (net of CENVAT, wherever applicable) less depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

d. Expenditure During Construction Period:

Expenditure incurred on projects during implementation is capitalized and apportioned to various assets on commissioning of the project.

e. Depreciation:

Depreciation has been provided on Written Down Value Method on all assets of the company except the new plant and machinery installed under Equipment Re-finance Scheme, Induction Furnace & Vehicles, which are on straight line method.

f. Investments:

- (i) Long Term Investments are stated at cost.
- (ii) Current Investments are stated at lower of cost and fair value.

g. Inventories:

Raw Material, Stores & Spares Parts and Oil & Fuel are valued at cost. Finished goods are valued at cost of production or market value, whichever is less. Scrap is valued at net realization value.

h. Retirement and other Employee Benefits:

i) Defined Contribution Plan

The company makes defined contribution to provident fund is recognized in the profit & loss account on accrual basis.

ii) Defined Benefit Plan

The company's liabilities under payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

i. Taxation:

Tax expense comprises of current, deferred and fringe benefit tax

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The deferred tax for timing difference between the books and tax profits for the year is accounted for, using the tax rates and laws have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing difference are recognized to the extent there is reasonable certainty that these would be realized in future

Deferred tax assets in case of unabsorbed losses and unabsorbed depreciation are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits

Fringe benefit tax is provided in accordance with the provision of Income Tax Act, 1961.

RATHI BARS LIMITED

j. Excise Duty and Cenvat:

Liability towards excise duty on the finished goods is accounted for as and when the goods are cleared from the factory premises and Cenvat benefit is accounted for by reducing the purchase cost of the materials/capital goods.

k. Sales/Turnover:

Sales/Turnover for the year includes Sales Value of goods, Excise Duty.

m. Miscellaneous Expenditure:

The non-allocable deferred revenue expenditures are being written off equally over a period of 5 years.

n. Contingent Liabilities:

Contingent Liabilities are not provided for and are disclosed by way of notes.

2. Notes on Accounts:

a. The company has provided liabilities on account of Defined Benefit Obligation on the basis of actuarial valuation as given by actuarial valuer, detailed disclosure in terms of AS-15 (Revised) could not be made. However, in the opinion of the management, the amount is not material and defined benefit obligation has been provided.

b. The company has no debts due by directors, firms or private companies or companies under the same management; therefore, no separate detail is given in the Sundry Debtors and/or Loans and Advances.

c. Current Liabilities & Provisions:

i) Sundry creditors includes Rs. 24.80 lacs (31-3-2008: Rs. 4.14 lacs)) due to Small Scale Industrial Undertakings (SSI Units) as identified by the Company and relied upon by the auditors.

ii) The company has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

d. Payment to Auditors in respect of:

	Year ended on 31 st March, 2009	Year ended on 31 st March, 2008
A Audit Fees	Rs. 50,000.00	Rs. 20,000.00
B Fee for Limited Review	Rs. 20,000.00	Rs. 5,000.00
C Out of Pocket Expenses	Rs. 10,000.00	Rs. 5,000.00

e. Expenditure in Foreign Currency:

	Year ended on 31 st March, 2009	Year ended on 31 st March, 2008
Traveling	Rs. 8,43,524.00	Rs. 11,43,464.00

f. Earning Per Share (EPS):

	Year ended on 31 st March, 2009
i Profit after taxation as per Profit and Loss Account (in Rs.)	3,10,46,442.00
ii Weighted Average number of equity shares outstanding	1,63,30,357.00
iii Basic and Diluted earnings per share (in Rs.)	1.90

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g. Related Party Disclosures, as required in terms of Accounting Standard (AS-18) are given below:

(Rs. In Lacs)

List of Related Parties

Particulars	Purchase of Goods	Sale of Goods	Remuneration / Salary	Inter-corporate Deposits Taken	Refund of Inter-corporate Deposits Taken
1 Key Managerial Personnel					
a Mr. Kamlesh Kumar Rath (Managing Director)	--	--	30.00	21.50	--
b Mr. Anupam Rath (Director)	--	--	19.80	14.10	--
c Mr. Anurag Rath (Director)	--	--	19.80	21.45	--
2 Relatives of Key Managerial Personnel					
a Mrs. Pushpa Rath	--	--	5.76	--	--
b Mrs. Parnika Rath	--	--	5.40	5.00	--
c Mrs. Nandita Rath	--	--	5.40	--	--
3 Companies / Associates in which the Key Managerial Personnel and/or their relatives exercise significant influence					
a M/s Rath Oxygen Ltd.	--	1.69	--	--	--
b M/s Rath Special Steels Ltd.	500.70	3196.40	--	--	--
c Anupam Rath (HUF)	--	--	--	11.50	--
d Anurag Rath (HUF)	--	--	--	7.50	--

RATHI BARS LIMITED

h. Break-up of deferred Tax Asset is given as under:

<u>Particulars</u>	<u>As on 31.03.2009</u> <u>(Amt. in Rs.)</u>	<u>As on</u> <u>31.03.2008</u> <u>(Amt. in Rs.)</u>
Depreciation	3,81,29,721	3,24,26,487
Carried Forward unabsorbed depreciation	---	---
	3,81,29,721	3,24,26,487
Increase in Deferred Tax Liabilities		57,03,234

i. Utilisation of Proceeds from Public Issue

<u>Particulars</u>	<u>As on 31.03.2009</u> <u>(Rs. in Rs.)</u>	<u>As on</u> <u>31.03.2008</u> <u>(Rs. in Rs.)</u>
Total Proceeds from Public Issue	2500.00	2500.00
Public Issue Expenses	139.00	139.00
Working Capital	1109.14	1109.14
Plant & Machinery	1251.86	981.21
Investment in Financial Instruments	--	270.65

j. Market value of Investment in Quoted Equity Shares Rs. 27,09,527.00 (Previous Year: Rs. 41,78,442.00)

k. Contingent liabilities not provided for:

Claims against the Company not acknowledged as debts (to the extent ascertained) in respect of various demands etc. raised, which in the opinion of the management are not tenable are under appeal at various stages:

	<u>Current Year</u> <u>(Rupees)</u>	<u>Previous Year</u> <u>(Rupees)</u>
Excise Duty cases	1,23,41,270	1,23,41,270
Sale Tax cases	11,49,500	11,49,500
	<u>1,34,90,770</u>	<u>1,34,90,770</u>

l. The figures of previous year have been re-arranged/re-grouped wherever felt necessary.

RATHI BARS LIMITED

3. QUANTITATIVE INFORMATION :

A. PRODUCTION & PURCHASE

Particulars		As at 31.03.2009		As at 31.03.2008	
1.	Licensed Capacity CTD/TMT Bars	100000.000	MT	100000.000	MT
	Ingot	68500.000	MT	68500.000	MT
2.	Actual Production & Purchase CTD/TMT Bars	61175.195	MT	77987.685	MT
	Ingot	27696.100	MT	25414.405	MT
TOTAL		88871.295	MT	103402.090	MT

61175.195 M.T. Includes 336.190 M.T. Trading Purchase of CTD/TMT Bars (Previous Year: 80.880 M.T.)

B. STOCKS

Particulars	Opening Stock				Closing Stock			
	As at 01.04.2008		As at 01.04.2007		As at 31.03.2009		As at 31.03.2008	
	QTY. (IN MT)	AMOUNT (IN Rs.)	QTY. (IN MT)	AMOUNT (IN Rs.)	QTY. (IN MT)	AMOUNT (IN Rs.)	QTY. (IN MT)	AMOUNT (IN Rs.)
CTD/ TMT Bars	1181.025	32419007	1334.890	31570501	1876.850	56191358	1181.025	32419007
Ingot	401.090	9372582	63.590	1148626	493.660	11646244	401.090	9372582
TOTAL	1582.115	41791589	1398.480	32719127	2370.510	67837602	1582.115	41791589

C. DESPATCH

Particulars	As at 31.03.2009		As at 31.03.2008	
	QTY. (IN MT)	AMOUNT (IN Rs.)	QTY. (IN MT)	AMOUNT (IN Rs.)
CTD/ TMT Bars*	60479.370	2200610539	78141.550	2380264113
Ingot**	27603.530	336161714	25076.905	162132428
Scrap, Commission etc		52168537		64538124
	88082.900	2588940790	103218.455	2606934665

* 60479.370 M.T. Includes 337.850 M.T. Trading Sale of CTD/TMT Bars (Previous Year: 80.880 M.T.)

** 27603.530 M.T. Includes 17890.000 M.T. Used For Production of CTD/TMT Bars (Previous Year: 18740.000 M.T.)

RATHI BARS LIMITED

D. CONSUMPTION

Particulars	As at 31.03.2009		As at 31.03.2008	
	QTY. (IN MT)	AMOUNT (IN Rs.)	QTY. (IN MT)	AMOUNT (IN Rs.)
Ingots	69484.205	1365299069	86243.290	1396203968
Scrap/Sponge Iron	34850.799	567059250	30360.404	393647522
Stores & Spares		37351938		40297062
TOTAL	104335.004	1969710257	116603.694	1830148552
Note : All Raw Material, Stores & Spares are indigenous.				

For and on BEHALF OF THE BOARD OF DIRECTORS

(MANAGING DIRECTOR)

(DIRECTOR)

Place : New Delhi
Date : 04.08.2009

For A.K. VAISH & Co.
Chartered Accountants

A.K. VAISH
PROPRIETOR
Membership No. 71088

RATHI BARS LIMITED

Cash Flow statement for the year ended 31st March, 2009(Rs. in Laacs)

S. No:	Particulars	Year Ended 31.03.2009	Year Ended 31.03.2008
A	Cash Flow from operating activities:		
	Profit Before Taxation	377.12	419.71
	Adjustments for:		
	Depreciation I	44.33	101.66
	Interest and Financial Charges	190.69	123.24
	Misc. Expenditure written off	1.11	1.11
	Pre-operative Expenses	0.00	17.52
	Loss/(Profit) on Mutual Fund	(102.45)	462.56
	Interest Income & Others	(10.83)	(34.00)
	Dividend Income	(64.88)	(94.44)
	Operating Profit before working capital changes	535.09	997.36
	Decreased (Increase) in Trade Receivables	191.32	(931.25)
	Decreased (Increase) in Inventories	(54.77)	(448.35)
	Decreased (Increase) in Loan & Advances	(125.62)	(431.85)
	Increase (Decrease) in Current Liabilities and Provisions	(476.29)	795.81
	Cash Generated from operations	69.73	(18.28)
	Income Tax paid	(10.95)	(33.57)
	Net cash provided by operating activities	58.78	(51.85)
B	Cash flow from investing activities:		
	Proceeds from sale of fixed assets	5.11	0.00
	Purchase of Investments	(7.76)	(1641.41)
	Purchase of Fixed assets and Capital Work in Progress	(501.29)	(775.74)
	Loss/(Profit) on Mutual Fund	102.45	(462.56)
	Income from Dividend	10.83	34.00
	Income from Interest	64.88	94.44
	Net cash used in investing activities	(325.78)	(2751.27)
C	Cash Flow from Financing Activities		
	Proceeds from Share Capital (Including Premium)	0.00	2500.00
	Unclaimed Share Application Money Refundable	0.00	17.94
	Increase / (Decrease) in Reserves & Surplus	0.00	0.00
	Increase in Long Term Borrowing (Net)	337.90	534.57
	Increase (Decrease) in Unsecured Loan	0.70	2.95
	Interest Paid	(90.69)	(123.24)
	Net Cash used in Financing Activities	147.91	2932.22
D	Net increase (decrease) in cash and cash equivalents	(119.09)	129.10
E	Cash and Cash Equivalent at the begning of the year	184.53	55.43
F	Cash and Cash Equivalent at the end of the year	65.44	184.53

For and on BEHALF OF THE
BOARD OF DIRECTORS

(MANAGING DIRECTOR)

(DIRECTOR)

For A.K. VAISH & Co.
Chartered Accountants

A.K. VAISH
PROPRIETOR
Membership No. 71088

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RATHI BARS LIMITED

A-24/7, Mohan Co-op. Industrial Estate, New Delhi-110044

Attendance Slip

DP.ID.	
Client ID.	

Folio No.	
No. of Equity Shares Held	

I hereby record my presence at the 16th Annual General Meeting of the Company being held at the A-24/7, Mohan Co-op. Industrial Estate, Mathura Road, New Delhi-110044 on Wednesday the 30th September, 2009 at 10.00 AM

Name of the Shaeholder
Name of the proxy-holder/ Authorised representative (in block letters)

Signature of the Shareholder/Proxy/Authorised Representative

- Note: 1. A member/proxy/authorized representative wishing to attend the meeting must complete this Admission Slip before coming to the Meeting and hand it over at the entrance.
2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered office at least 48 hours before the meeting.

Proxy Form

16th AGM

RATHI BARS LIMITED

A-24/7, Mohan Co-op. Industrial Estate, New Delhi-110044

I/We

of

Being a member/members of Rathi Bars Ltd.

hereby appoint.

Shri/Smt./Km

of

or failing him Shri/Smt./Km.

of

or failing him Shri/Smt./Km.

of

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Company to be held on the 30th September, 2009 at 10.00 AM and at any adjournment thereof.

Signed this

day of

2009

Folio No.
No. of Equity Shares Held

DP.ID.	
Client ID.	

Signature (s)

Revenue
Stamp

Note: The proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.

BOOK-POST

if undelivered please return to

RATHI BARS LIMITED

A-24/7, Mohan Co-op. Industrial Estate
New Delhi-110044