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**SIXTEENTH
ANNUAL-REPORT
2008 - 2009**

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Rathi Graphic Technologies Limited

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BOARD OF DIRECTORS :

1. Sh. Raj Kumar Rathi
2. Sh. Sandesh Jain
3. Sh. Adarsh Kumar Aggarwal
4. Sh. Anurag Yadav

COMPANY SECRETARY :

Sh. Amit Narayan

AUDITORS :

M/s. A.K.Maheshwari & Associates
Chartered Accountants
4G, 4th Floor, Uppal, M-6 Plaza,
Jasola District Centre, New Delhi-110025

BANKER :

STATE BANK OF BIKANER & JAIPUR

REGISTERED OFFICE :

A-3, Industrial Area,
South of G.T. Road,
Ghaziabad (U.P.)
Ph: (0120) 2840346 – 51
Fax (0120) 2840352 - 53

CORPORATE & MARKETING OFFICE :

24/1A Mohan Cooperative Industrial Estate,
Mathura Road, NEW-DELHI. 110 044
Ph. 011-40512426 To 428,
Fax. 011-40512425

WORKS :

SP-921, RIICO Industrial Area
Phase - III, Bhiwadi, Distt. Alwar
(Rajasthan) (INDIA)

**REGISTRAR & SHARE
TRANSFER AGENT :**

MAS Services Ltd.
T-34, 2nd Floor,
Okhla Industrial Area
Phase II, New Delhi-110020
Phone : 011-26387281/82/83
Fax : 011-26387384

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of Rathi Graphic Technologies Limited will be held on Tuesday, the 29th day of September 2009 at 10.00 a.m. at A-3, Industrial Area, South of G.T. Road, Ghaziabad. (U.P.) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009, and the Profit and Loss Account for the year ended on that date together with the Report of Director's and Auditor's thereon.
2. To appoint a director in the place of Shri Adarsh Kumar Aggarwal, who retires by rotation and being eligible, offer himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS (48 HRS) BEFORE THE COMMENCEMENT OF THE MEETING. A FORM OF PROXY AND ADMISSION SLIP IS ENCLOSED.
2. Members are requested to bring their copy of the Annual Report along with the duly filled attendance slip.
3. Shareholders holding in Electronic form are requested to bring their Client ID and DPID at the meeting for easy identification.
4. The Register of Member and Share Transfer Books of the Company will remain closed from Friday, September 25, 2009 to Tuesday, September 29, 2009 (both days inclusive).
5. The members who are interested to avail of nomination facility may obtain the necessary application Form from Registrar & Share Transfer Agent.

6. All correspondence relating to the transfer and transmission, sub-division of shares, issue of duplicate shares certificates, change of address, dematerialization of shares etc, will be attended at the Registered office of the company and shall be processed at the office of Registrar & share Transfer agent.
7. Documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on all working days between 10.00 a.m to 1.00 p.m. prior to the Annual General Meeting.
8. Members desirous of obtaining any information/clarification(s) concerning the accounts and operations of the Company or intending to raise any query are requested to forward the same at least 10 days before the date of the meeting to Company Secretary at the registered office of the Company, so that the same may be attended to appropriately.
9. Annual listing fee for the year 2009-10 has been paid to the stock Exchanges wherein Shares are listed.
10. In terms of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares singly are advised to avail of the nomination facility by filing Form no. 2B in their own interest. Members holding shares in dematerialized form may contract their respective DPs for registration of nomination.
11. Members holding physical Shares in multiple folios in identical names are requested to send their share certificates to Company's Registrar and Share Transfer Agent, MAS Services Limited for consolidation.
12. 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 Directors' Report.

By order of the Board of Directors

Amit Narayan
Company Secretary

Dated: 04-09-2009
Place: New Delhi

DIRECTOR'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 16th Annual Report together with the audited Accounts of the company for the year ended 31st March, 2009.

FINANCIAL RESULTS

(In Rupees)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Turnover	170953807	170126328
Profit/(Loss) before Interest & depreciation	27517654	35927144
Interest & Depreciation	17727237	15531472
Profit/(Loss) before tax	9790417	20395672
Net Profit/(Loss)	7522420	12412966

DIVIDEND

In view of need to conserve and plough back Company's resources to fund the expansion, your Directors do not propose any dividend this year.

OPERATING RESULTS

During the year under review, your company put in a concerted effort towards increasing efficiency and product development, product quality, product branding to increase the market reach. Turnover for the year is marginally increased to Rs. 1709.54 Lacs against Rs. 1701.26 Lacs during previous year. However due to increase in value of Dollar, Euro and Yen in terms of Indian rupees the cost of raw material increased which resulted in increase of cost of production and for that reason profit after tax for the financial year 2009 is reduced to Rs. 75.22 Lacs as against Rs. 124.13 Lacs of previous year.

FUTURE OUTLOOK

The Fluctuation in foreign currency and weakening of the rupee has adverse impact on the cost of raw material which has been increased substantially.

Also growing competition in the market specially from the import of Toners by the Traders will continue to be a challenge for your company.

The only solution before us to increase our market share by more production and more sales with introduction of new products at competitive prices to face the competition.

The schedule of arrival of new Plant and Machinery to increase the capacity of toner production have been delayed and expected to arrive in March, 2010.

Your directors have pleasure in informing you that the steel project of your 100% subsidiary Company M/s Rathi Rajasthan Steel Mills Limited has been implemented successfully and the commercial production has been started from 6th May 2009. The cost of Project was 4316.63 Lacs and the capacity of the Plant is 75000 TPA.

Considering the increased capacity of toner plant and working of steel project, the Company hopes to achieve better sales and profit in current / coming year.

SHARE CAPITAL

During the year, the paid-up share capital of the company increased from Rs. 1325.60 lacs to Rs. 1393.90 lacs on conversion of 6,83,000 convertible Warrants into equity shares. The said convertible warrants were issued in accordance with the preferential issue Guidelines of Securities & Exchange Board of India (Preferential Issue Guidelines).

PUBLIC DEPOSITS

The company has not invited or accepted any deposits during the year from the public under Section 58A of the Companies Act, 1956.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Shri Adarsh Kumar Aggarwal retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. He is a Practicing Chartered Accountant having more than 19 years of experience. He is expert in Internal Control & Management System. He has confirmed that he has not incurred any disqualification under Section 274(1)(g) of the Companies Act, 1956 and they are eligible to be re-appointed as Directors of the company.

AUDITORS

M/s A. K. Maheshwari & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual general meeting and are eligible for re-appointment.

The Company has received letters from M/s A. K. Maheshwari & Associates, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

NOTES ON ACCOUNTS

The notes to the accounts referred to by the Auditors in their report are self-explanatory and may be treated as information/explanation submitted by the board as contemplated under Section 217(3) of the Companies Act 1956.

PARTICULARS OF EMPLOYEES

During the year under review, Shri Raj Kumar Rathi, Managing Director of the Company who falls under the terms of Section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975. From October 1, 2008 he is getting of Rs. 2,00,000 per months and perquisites and allowances as per Company Rules.

SUBSIDIARY COMPANY

M/S Rathi Rajasthan Steel Mills Limited a 100% subsidiary of Rathi Graphic Technologies Limited has started commercial production w.e.f 06th May 2009.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Clause 32 and 50 of the Listing Agreement, Your Company has prepared Consolidated Financial Statements as per the Accounting Standards applicable to the Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. Audited Consolidated Financial Statements along with the Auditor's Report are annexed with this Report.

CONSERVATION OF ENERGY

The Company has a continuous monitoring system to minimize the energy consumption per unit of toner manufacturing.

TECHNOLOGY ABSORPTION

The Company has fully absorbed the technology for manufacturing toners used in three brands of photocopier Machines.

FOREIGN EXCHANGE EARNINGS & OUTGO

During the year under review, the Company has earned foreign exchange of Rs. Nil (Previous year Nil) and the company has utilized foreign exchange of Rs. 6,68,86,741/- (Previous Year Rs.5,20,23,971/-).

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sub-Section (2AA) of Section 217 of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your Directors confirm:

- i) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- ii) That your company had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 as on 31st March, 2009 and of the profit & loss account of the company for that period.
- iii) That your company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That the accounts of your company have been prepared on going concern basis.

LISTING OF SHARES

The equity shares of the company are presently listed at The Bombay Stock Exchange Ltd (BSE). The company has duly paid the listing fees to the exchanges.

CORPORATE GOVERNANCE REPORT

The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with stock exchanges, form part of the Annual Report.

A certificate from the Auditors of the Company M/S A. K. Maheshwari & Associates, Chartered Accountants, confirming compliance with conditions of Corporate Governance as stipulated under the aforesaid clause 49, is annexed to this Report.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance during the year.

For and on behalf of the Board

Raj Kumar Rathi
Managing Director

Sandesh Jain
Director

Place: New Delhi
Dated: 04th Sept., 2009

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING

As provided under clause 49 of the Listing Agreement with the Stock Exchange, the Board members and the senior Management Personnel have confirmed compliance with the Code of Conduct laid down by the Company for the year ended 31st March, 2009.

Place: New Delhi
Dated: 04th Sept., 2009

Raj Kumar Rathi
Managing Director

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10 (In accordance with clause 49 of the Listing Agreement entered into with Stock Exchange)

Corporate governance is commonly referred to as a system by which organizations are directed and controlled. It is the process by which Company objective are established, achieved and monitored. Corporate governance is a reflection of the Company's culture, policies, relationship with stakeholders, commitment to values and ethical business conduct.

1. CORPORATE GOVERNANCE PHILOSOPHY AND PRACTICE

Your Company reaffirms its commitment to the good corporate Governance Practices. Company's philosophy of good Corporate Governance is reflected in commitment to achieve a balance between Stakeholder's interest and corporate goals through the efficient conduct of its business guided by transparency, accountability and integrity. The Company provides detailed information to shareholders on various issues concerning the Company's business and financial performance.

Accordingly the following information is provided for the information of stakeholders and public at large.

Name	Designation	Category	No. of Board meetings attended during the year	Whether attended AGM held on 12 th Sep. 2008	No. of directorships in Other Public Companies	No. of committee positions held in other Public Companies *	
						Chairman	Member
Sh. Raj Kumar Rathi	Managing Director	Executive & non-independent (promoter)	6	Yes	2	Nil	Nil
Sh. Sandesh Jain	Director	Non Executive & Independent	6	Yes	1	2	1
Sh. Adarsh Aggarwal	Director	Non Executive & Independent	6	Yes	Nil	Nil	Nil
Sh. Anurag Yadav	Director	Non Executive & Independent	6	Yes	Nil	Nil	Nil

*Represents Chairmanships/Memberships of Audit Committee, Shareholder's/ Investor's Grievance Committee and Remuneration Committee.

Notes:

- None of the directors is related to any other director.
- None of the directors has any business relationship with the Company.
- None of the directors received any loans and advances from the Company during the year.
- The information as required under Annexure IA to clause 49 is being made available to the Board.
- The Company did not have any pecuniary relationship or transactions with non-executive directors during 2008-09.
- Six Board Meetings were held during the year 2008-09 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were as follows:

30/04/2008, 28/07/2008, 09/08/2008, 25/10/2008, 30/01/2009, 10/03/2009

Directors retiring by rotation and being eligible have offered themselves for reappointment

Shri Adarsh Kumar Aggarwal is a Practicing Chartered Accountant having 19 years of experience. He is expert in Internal Control & Management System.

2. Board of Directors

The composition of the Board is in total conformity with clause 49 of the Listing Agreement, as amended from time to time. The Board of Directors of the company comprises of distinguished personalities, who have acknowledged in their respective fields. Three out of the Four Directors on the Board as on date, are independent and non-executive. All independent Directors comply with the requirements of the Listing Agreement for being an independent Director and have also affirmed to this effect.

None of the directors hold directorships in more than the permissible number of Companies under the applicable provisions. Similarly, none of the directors on the board's committees hold membership of more than ten committees of boards, nor is any director a chairman of more than five committees of boards. The detailed agenda papers containing all information relevant for discussion at the meeting are sent to the Directors in advance so that each director has enough time to prepare himself for a meaningful discussion at the Board meetings. Beside the business items the agenda includes the items required to be considered by the Board of Directors as per the Listing Agreement.

The following table summarizes the status of each Director, meeting attended by them and other relevant particulars.

3. AUDIT COMMITTEE

The Company had constituted an Audit Committee in the year 2003. All members of the Committee are financial literate within the meaning of the Clause 49 of the listing agreement. Shri Sandesh Jain chairman of the Committee was present at the last Annual General Meeting to answer the queries of the Shareholders. The Scope of the activities of the Audit Committee is as set out in clause 49 of the Listing Agreements with the Stock exchanges read with Section 292A of the Companies Act, 1956.

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

Name	Name of Members	Category	No. of meeting attended during the year 2008-09
1	Sh. Raj Kumar Rathi	Executive & non-independent (promoter)	4
2	Sh. Sandesh Jain	Non Executive & Independent	4
3	Sh. Anurag Yadav	Non Executive & Independent	4

Four Audit Committee Meetings were held during 2008-09. The dates on which the said meetings were held were as follows:

30/04/2008, 28/07/2008, 25/10/2008, 30/01/2009

The necessary quorum was present at all the meetings.

4. Remuneration Committee

The Remuneration Committee, entirely composed of independent Directors and presently the committee consists of Sh. Sandesh Jain, Sh. Anurag Yadav and Sh. Adarsh Kumar Aggarwal reviews the performance of the executive Director and senior executives one level below the Board, and also review the remuneration package offered by the Company to different grades/levels of its employees. While reviewing the remuneration of senior management personnel, the committee takes into account the following:

Financial position of the company
Trend in the industry
Appointee's qualifications and experience
Past performance
Past remuneration etc.

No. of meetings held during the financial year 2008-09.
One

Brief description of terms of reference

The terms of reference of the remuneration committee are as per clause 49 of the Listing Agreement. Details of remuneration to the Managing Director during the year 2008-09

	(Amount in Rs.)
(a) Sh. Raj Kumar Rathi	21,00,000
(b) Period of contract of MD: 5 year	

Details of shares of the Company held by the Directors as on March 31, 2009 are as follows.

Name	No. of Shares
Sh. Raj Kumar Rathi	2689531

Shareholders/Investor Grievance Committee

The Company has a committee to specifically look into the redressal of shareholders grievance relating to transfers, transmissions, issue of duplicate share certificate and all the other matters concerning Shareholders complaints. Presently the committee consists of Sh. Raj Kumar Rathi, Managing Director and two non-executive directors viz. Sh. Sandesh Jain and Sh. Anurag Yadav. The board has delegated the power of Share Transfer to the Company's Registrar & Share transfer Agents, who process the transfers, in respect of physical and shares under Demat. All transfers completed within 15 days of receipt, if the documents were found valid in all respects. Shri Amit Narayan, Company secretary is the Compliance Officer.

No. of meeting held during the financial year 2008-09: Four

Details of Complaint received and redressed

General Body Meetings

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	01	01	Nil

No. of AGM	Year Ended	Venue	Date & Time
12 th AGM	31.03.2005	A-3, Industrial Area, South of G. T. Road, Ghaziabad, 201009	28.09.2005 at 10.00 A.M.
13 th AGM	31.03.2006	A-3, Industrial Area, South of G. T. Road, Ghaziabad, 201009	07.09.2006 at 10.00 A.M.
14 th AGM	31.03.2007	A-3, Industrial Area, South of G. T. Road, Ghaziabad, 201009	25.09.2007 at 10.00 A.M.
EGM	31.03.2008	A-3, Industrial Area, South of G. T. Road, Ghaziabad, 201009	05.02.2008 at 10.00 A.M.
15 th AGM	31.03.2008	A-3, Industrial Area, South of G. T. Road, Ghaziabad, 201009	12.09.2008 at 10.00 A. M.

Postal Ballot

No Postal Ballot was conducted during the year

Secretarial Audit

In keeping with the requirements of the SEBI and the Stock Exchanges, a secretarial Audit by a Practicing Company Secretary is carried out to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The said audit confirms that the total issued/paid up capital tallies with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

A certificate from the Statutory Auditors of the company on corporate Governance is attached as an annexure to the report.

MEANS OF COMMUNICATION

The Annual, half yearly and quarterly results are communicated to Stock Exchange, where the Company's shares are listed, immediately after the same are taken on record/approved by the Board. Further the said results are also published in newspapers which include, the Pioneer, Veer Arjun.

A Management Discussion and Analysis Statement is part of this report.

General Shareholders Information

The next Annual general Meeting is scheduled to be held at A-3, Industrial Area, South of G. T. Road, Ghaziabad (U.P.) on Tuesday the 29th day of September, 2009 at 10.00 A. M.

Financial Calender for 2009-10

First Quarterly results – before end of July, 2009
Second Quarterly results – before end of Oct, 2009
Third Quarterly results – before end of Jan, 2010
Fourth Quarterly results – before end of April, 2010

Book Closure Date

Date of Book Closure from 25.09.2008 to 29.09.2009 (both days inclusive)

Dividend – Nil

Listing on Stock Exchange:

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400001

Market Price Data (BSE) for the year 2008-09

Months & Year	High (Rs.)	Low (Rs.)	Volume
Nos.			
April, 2008	12.70	10.29	41419
May, 2008	13.40	10.40	4.6684
June, 2008	18.49	11.25	105088
July, 2008	13.50	9.99	36464
August, 2008	13.20	11.00	25016
September, 2008	12.25	8.50	28389
October, 2008	9.00	5.25	25399
November, 2008	5.61	4.70	12483
December, 2008	9.43	5.00	8605
January, 2009	11.49	8.90	3293
February, 2009	10.88	8.45	504
March, 2009	10.44	8.00	2690

Distribution of Shareholding as at 31st March, 2009

Category	Share Nos.	Percentage	Shareholder Nos.	Percentage
1 to 5000	1232603	8.843	5972	89.281
50001 to 10000	303888	2.180	364	5.442
10001 to 20000	218152	1.565	137	2.048
20001 to 30000	161001	1.155	61	0.912
30001 to 40000	73349	0.526	21	0.314
40001 to 50000	124201	0.891	26	0.389
50001 to 100000	340542	2.443	45	0.673
100001 and above	11485264	82.397	63	0.942
Total	13939000	100.00	6689	100.000

Categories of Shareholding as on 31st March, 2009

Category	No. of Shares	Percent
Promoters & Relatives	5245012	37.63
Mutual Funds	19000	0.14
Foreign Investors	324592	2.33
Bodies Corporate	5174534	37.12
Individuals	3149821	22.60
NRIs/OCBs	3202	0.02
Clearing Members	22839	0.16
Total	13939000	100

Share Transfer System

Share Transfers in physical form can be lodged with the R & T agents of Company. The transfers are normally processed within the stipulated period, if the documents are complete in all respects. The Shareholders/Investor Grievance Committee is empowered to approve the share transfers.

Registrar and Transfer Agents

The share Transfer Agent for equity shares of the Company both for electronic and physical segment is M/S MAS Services Limited, T-34, IInd Floor, Okhla Industrial Area, Phase II, new Delhi – 110020, Phone: 011-26387281/82/83, Fax : 011-26387384, Email: info@masserv.com

Dematerialization of shares

The Company has tied up with the National Securities Depository Limited and Central Depository Services India Limited and the ISIN No. allotted to equity shares of the Company is INE 886C01010. The demat/remat requests are processed within 15 days of the receipt of request, provided they are complete in all respects. As of the end of March 2009, shares comprising approximately 76.33 % of company's equity share capital have been dematerialized.

Manufacturing Units

SP- 921, RIICO Industrial Area
Phase – III, Bhiwadi
Distt. Alwar, Rajasthan

Address for Correspondence

24/1A, Mohan Cooperative Industrial Estate
Mathura Road,
New Delhi – 110044
Phone Nos: 011- 40512425/26/27/28
Email: investor@rathitoner.com
Fax : 011-26991061

Contact Person

Mr. Amit Narayan (Company Secretary and Compliance Officer).

The above report was placed before the Board and approved at its meeting held on 04th day of September, 2009.

Certificate of Compliance of Corporate Governance To

The members of Rathi Graphic technologies Limited
We have examined the Compliance of conditions of Corporate governance by Rathi Graphic Technologies Limited for the year ended on 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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. Maheshwari & Associates
Chartered Accountants**

**A. K. Maheshwari
Proprietor**

Place: New Delhi

Dated: 04th Sept., 2009

CEO/CFO Certificate

We certify to the Board that :

- We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
 - these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - 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.
- There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of company's code of conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial

reporting and we 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 take to rectify these deficiencies.

- (d) We have indicated to the auditors and the Audit committee that :
- (i) there has not been any significant changes in internal control over financial reporting during the year
 - (ii) there has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - (iii) there has not been any instances of significant fraud of which we 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.

(Sh. Raj Kumar Rathi)
Managing Director

(S. Biswas)
Chief Financial Officer

Place : New Delhi
Date : 04-09-2009

MANAGEMENT DISCUSSION & ANALYSIS

FORWARD LOOKING STATEMENTS

Statement in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be considered to be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.

The strong fundamental character of Indian Economy indicating increase in the production activities acts as a fuel for the growth of your Company. Your company with adequate infrastructure and an active eye on the emerging opportunities at domestic and international level is poised to grow and enhance its shareholder value.

TRAPPING BUSINESS OPPORTUNITIES

The focus of the Company continues to be on strengthening presence in existing markets and to this extent extensive sales and brand building effects have been taken.

EXPANSION AND OTHER PROJECTS

As part of our expansion plans, the company has ordered to import new machinery which will enhance the production capacity upto 150%.

THREAT AND CHALLENGES

COMPETITION

Competition whether domestic or international is always a challenge and transforming challenges into opportunities has a practice of our company.

INFLATION

Surging price level poses a major threat to the Company and the economy as a whole. Rising prices reduce the value of money leaving consumers with low purchasing power. Low purchasing power disturbs the demand supply chain which causes serious threat to production rollout.

FINANCIAL MANAGEMENT

Fund Management is crucial and important for the Company's growth. The financial system of the organization is

responsible for the management of funds. The Company's financial management has held it in good stead over the year and has given it the unbeatable reputation of being one of the most profitable toner manufacturing company in the Country.

The Company had initiated moves in its right earnest for repaying and swapping the high interest borrowing with low interest rate funds. Currently the total borrowing of Rs.7.75 crores comprise terms loans of Rs. 2.29 Crores and working capital loans of Rs. 5.46 crores.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal control geared towards achieving efficiency in its various business operations, safeguarding assets, optimum utilization of resources and compliance with statutory regulations.

The Company has continued its efforts to align its processes and controls with best practices and has put in place a process wise internal control framework across the Company. The Internal Auditors of the Company conduct audits of various departments based on an annual audit plan covering key area of operations, including overseas operations. Internal Audit reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and systems and recommending improvements for strengthening them. The Company has put in place a Risk Assessment and mitigation process across all its business operations, which is reviewed by the Management and Board Audit Committee.

HUMAN RELATIONS

The Company successfully met the challenges of its business environment due to dedication, competence and commitment displayed by its employees. The human resource function and initiatives of the Company are driven by strong set of values, policies and philosophy Performance orientation and ethics are the cornerstones of our human resource philosophy. Relations between employees and management have remained cordial through out the year. Initiatives are being taken to enhance the productivity of employees. The Company appreciates the contribution made by all employees in ensuring better performance and achievements during the year. The Company continued to implement best practices and innovative initiatives to meet the challenges of acquiring and retaining talent against intense competitive pressures. The Company continued to place emphasis on training, skills enhancement and competency development of its people for meeting future challenges. The Company sustained its emphasis on imparting required training to its employees.

CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statement' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important developments that could affect the Company's operations include a downward trend in the domestic FMCG industry, rise in input costs, exchange rate fluctuations, and significant changes in political and economic environment in India, environment standards, tax laws, litigation and labor relations.

AUDITOR'S REPORT

The Members of Rathi Graphic Technologies Limited

1. We have audited the attached Balance Sheet of **M/S Rathi Graphic Technologies Limited** as at 31st March, 2009, the relative Profit & Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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.
2. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 1 above, we report that :
 - a) We have obtained all the information and the explanation, which to the best of our knowledge and belief were necessary for the purpose 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 books.
 - c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet and profit and loss account dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors of the Company as at 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March, 31, 2009 from being appointed as director of the company under 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 explanation given to us, the said accounts read together with the significant accounting policies and notes forming part of the accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-

- (1) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2009; and.
- (2) In the case of the Profit & Loss Account of the profit of the Company for the year ended on that date.
- (3) In the case of the Cash Flow Statement , of the cash flows for the year ended on that date.

For **A.K. Maheshwari & Associates**
Chartered Accountants

(Anand Maheshwari)
Proprietor

Place: New Delhi

Date: 04th Sept., 2009

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNT OF M/S. RATHI GRAPHIC TECHNOLOGIES LIMITED FOR THE YEAR ENDED ON 31ST MARCH, 2009

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available. According to the information and explanations given to us, 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 the assets. No material discrepancies were noticed on such verification.

Substantial part of the fixed assets have not been disposed off during the year.

2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its business.

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.

- The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of stocks, as compared to book records.
3. According to the information and explanations given to us, the Company has taken interest free unsecured loans from five parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amounts outstanding during the year against the said loans were Rs.613.96 Lacs. There were no terms and conditions stipulated in this respect.
 4. According to the information and explanations given to us, no loans or advances in the nature of loans have been granted to the Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 except advances to staff where the company has not charged any interest and no conditions have been stipulated as regards the payment of interest and repayment of principle amount.
 5. 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 and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control.
 6. As explained to us, there has not been any transaction during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding during the year to Rs. 5,00,000/- or more in respect of each such party.
 7. The Company has not accepted any deposits from the public within the purview of Section 58A & 58AA of the Companies Act, 1956.
 8. The Company has adequate Internal Audit system which in our opinion, is commensurate with the size of the Company and the nature of its business.
 9. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any products of the Company.
 10. According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, cess which are outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable. There are no disputed statutory liabilities payable during the year.
 11. According to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank.
 12. The Company is not a Chit fund, Nidhi or mutual benefit society. Hence, the requirements of item (xiii) of paragraph 4 of the Order is not applicable to the Company.
 13. The Company have an accumulated loss of Rs.1,04,26,415 (previous year Rs.1,79,48,835/-) as at 31.3.2009. The Company has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
 14. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
 15. As per the information and explanations given to us, the term loan has been applied for the purpose for which it is raised.
 16. According to the information and explanations given to us, 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.
 17. In our opinion and according to the intimation and explanations given to us, the Company is not dealer or trader in securities.
 18. According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investment. Hence paragraph no.XIV of the order is not applicable to the Company.
 19. The Company has not issued any debentures during the year. Hence, the requirements of clause (xix) of paragraph 4 of the Order is not applicable to the Company.
 20. As explained to us, the company has not made any public issue during the year. However the Company has issued 683000 of fully convertible warrants on preferential basis at a price of Rs.30/- per warrant inclusive of premium of Rs.20 per warrants is amounting to Rs.2,04,90,000/- in accordance with the SEBI (DIP) Guidelines,2000.
 21. According to the information and explanations given to us, a fraud on or by the Company has not been noticed or reported during the year.

For A.K. Maheshwari & Associates
Chartered Accountants

(Anand Maheshwari)
Proprietor

Place: New Delhi
Date: 04th Sept., 2009

RATHI GRAPHIC TECHNOLOGIES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2009

(Amount in Rs.)

SCHEDULE		31.03.2009	31.03.2008
SOURCES OF FUNDS			
SHARE HOLDER'S FUNDS			
Share Capital	1	139390000	132560000
Share Warrants Accounts		6483000	8532000
Reserves & Surplus	2	97660829	84124221
LOAN FUNDS			
Secured Loans	3	77529388	74365226
UNSECURED LOANS			
From Corporates		57870940	20909000
From Bank		<u>3780986</u>	<u>2250000</u>
TOTAL		<u>382715143</u>	<u>322740447</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	202742752	193025421
Less Depreciation		65570603	59008582
Work in Progress		<u>4168008</u>	<u>3874343</u>
Investment	5	110776430	57112950
CURRENT ASSETS, LOANS & ADVANCES			
I. Inventories	6	71332371	59833265
ii. Sundry Debtors	7	38067498	40838494
iii. Cash & Bank Balances	8	6760380	3052422
iv. Loans & Advances	9	<u>20770215</u>	<u>17727292</u>
		136930464	121451473
Less : Current Liabilities & Provisions	10	<u>24300769</u>	<u>19845558</u>
Net Current Assets		112629695	101605915
DEFERRED TAX ASSETS			
Opening Balance		7888629	13495277
Add: Deferred Tax Assets / Liabilities Originated during the Period		<u>-571996</u>	<u>5606648</u>
MISCELLANEOUS EXPENDITURE	11	225813	292936
PROFIT & LOSS ACCOUNT		10426415	17948835
Significant Accounting Policies & Notes on Accounts	18		
TOTAL		<u>382715143</u>	<u>322740447</u>

As per our separate report of even date attached,

For **A.K. Maheshwari & Associates**
Chartered Accountants

(Anand Maheshwari)
Proprietor

(Raj Kumar Rathi)
Managing Director

(Sandesh Jain)
Director

(Amit Narayan)
Company Secretary

(S. Biswas)
Chief Financial Officer

Place : New Delhi
Date : 04th Sept., 2009

RATHI GRAPHIC TECHNOLOGIES LIMITED

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

(Amount in Rs.)

	SCHEDULE	31.3.2009	31.03.2008
INCOME			
Gross Sales	12	170590262	169784366
Less : Excise Duty on Sales		19285539	23663029
Net Sales		151304723	146121337
Other Income	13	363545	329976
Increase / (Decrease) in Stock		7561462	4444421
Profit on Sales of Fixed Assets		0	11986
TOTAL		159229730	150907720
EXPENDITURE			
Raw Material & Manufacturing Expenses	14	97826062	77818915
Administrative & Selling Exp.	15	33818891	37005975
Miscellaneous Expenses Written Off	17	67123	67123
Loss on Sales of Assets		0	88563
TOTAL		131712076	114980576
Operating Profit (before Interest & Depreciation)		27517654	35927144
Interest / Finance Charges	16	11714037	10268797
Profit before Depreciation & Tax (PBDT)		15803617	25658347
Depreciation		6013200	5262675
Profit Before Tax		9790417	20395672
Provision for Income Tax		1008413	1598312
Provision for FBT		709647	777276
Excess Provision made in last year		33788	0
Provision for Deferred Tax (Liability)/Assets		-571996	-5606648
Provision for Wealth Tax		11729	470
Net Profit after adjustment of Deferred Tax		7522420	12412966
(Loss) Brought Forward from Last Year		(17948835)	(30361801)
Earning per share		0.54	0.94
Significant Accounting Policies & Notes on Accounts	18		
Balance Carried Over		(10426415)	(17948835)

For **A. K. Maheshwari & Associates**
Chartered Accountants

(Anand Maheshwari)
Proprietor

(Raj Kumar Rathi)
Managing Director

(Sandesh Jain)
Director

(Amit Narayan)
Company Secretary

(S. Biswas)
Chief Financial Officer

Place : New Delhi
Date : 04th Sept., 2009

RATHI GRAPHIC TECHNOLOGIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(Amount in Rs.)

	<u>31.03.2009</u>	<u>31.03.2008</u>
<u>SCHEDULE-01</u>		
<u>SHARE CAPITAL</u>		
<u>AUTHORISED</u>		
18500000 Equity share of Rs. 10/- each (Previous year 18500000 Equity share of Rs. 10/- each)	<u>185000000</u>	<u>185000000</u>
<u>ISSUED, SUBSCRIBED, CALLED & PAID UP</u>		
13939000 Equity Shares of Rs. 10/- each called & fully paid up (Previous year 13256000 Equity share of Rs. 10/- each Called & fully paid up)	<u>139390000</u>	<u>132560000</u>
	<u>139390000</u>	<u>132560000</u>
<u>SCHEDULE-02</u>		
<u>RESERVES & SURPLUS</u>		
Share Premium	26916000	13256000
Revaluation Reserve-Land& Building	70744829	70868221
	<u>97660829</u>	<u>84124221</u>
<u>SCHEDULE-03</u>		
<u>LOAN FUNDS</u>		
<u>SECURED LOANS</u>		
Terms Loan - I from SBBJ	0	697304
Term Loan - II from SBBJ	12117575	16000000
Term Loan - III from SBBJ	0	745935
Term Loan - IV from SBBJ	4308723	0
Working Capital from State Bank of Bikaner & Jaipur	47814403	46208930
Working Capital - SBL from State Bank of Bikaner & Jaipur	6818391	6700000
ICICI Bank	4610435	4013057
HDFC Bank	1859861	0
	<u>77529388</u>	<u>74365226</u>

- Notes : 1) The Term loan II & IV and working capital from State Bank of Bikaner & Jaipur is covered by first hypothecation charge by covering entire Current Assets (present and future). Collateral Security by extending of existing charge over fixed assets and by way of hypothecation of entire movable fixed assets and equitable mortgage of factory Land and Building.
- 2) The Term loan and working capital loan are further secured by personal guarantee of one director and his two relatives.
- 3) Loan from ICICI Bank and HDFC Bank is secured against hypothecation of Cars.

RATHI GRAPHIC TECHNOLOGIES LIMITED

SCHEDULE-04

FIXED ASSETS

(Amount in Rs.)

ASSETS	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 01.04.2008	Addition	Adjustment / Disposal	As at 31.03.2009	UPTO 31.03.2008	For the Period	Dep. Adjusted	TOTAL 31.03.2009	As at 31.03.2009	As at 31.03.2008
Lease Hold Land	71400000			71400000	0	0	0	0	71400000	71400000
Factory Building	38237274			38237274	14076094	1215429	0	15291523	22945751	24710000
Plant & Machinery	63979659	4688378		68668037	39109811	3155552	0	42265362	26402675	24869848
Electric Installation	3746932	61738		3808670	2457933	178642	0	2636575	1172095	1288999
Vehicle	6668556	4353020		11021576	1108666	820607	0	1929273	9092303	5559890
Tubewell	115941			115941	53054	3872	0	56926	59015	62887
Furniture & Fixture	4114691	227833		4342524	1052752	269748	0	1322500	3020024	3061939
Office Equipment	3513140	249162		3762302	1164752	171029	0	1335781	2426521	2348388
Computers	1142456	137200		1279656	470665	193250	0	663915	615741	671791
Tools & Dies	106772			106772	63676	5072	0	68747	38025	43096
Total	193025421	9717331	0	202742752	59557402	6013200	0	65570603	137172149	134016839
Previous Year ended on 31.03.2008	185693464	7922471	590514	193025421	54124844	5262675	378937	59008582	134016839	131568620

RATHI GRAPHIC TECHNOLOGIES LIMITED

(Amount in Rs.)

	31.03.2009	31.03.2008
INVESTMENTS		
A. Quoted (At Cost)		
Rathi Udyog Limited (24911 Shares @ Rs. 50 per share)	1245550	1245550
B. Unquoted (At Cost)		
Rathi Rajasthan Steel Mills Limited		
5400000 Equity Shares of Rs. 10/- each (Previous Year	55500000	55500000
54,00,000 Equity Shares of Rs. 10/- each)		
C. Immovable Properties :		
Residential Flat	367400	367400
D. Investment in Subsidiary Company		
	53663480	
	<u>110776430</u>	<u>57112950</u>
Note : Present Market Value of quoted shares of Rs. 251601/- (Previous year of Rs. 592633)		
INVENTORIES		
(As taken, valued & Certified by the Management)		
Raw material	28677120	26161875
Finished Goods	24768288	18937236
Stores & Spares	2004536	1709781
Furnace Oil	41988	90356
Packing Material	3893387	2891792
Work in Process	8691090	6960680
Scrap	197000	197000
Scheme Items	3058962	2884545
	<u>71332371</u>	<u>59833265</u>
SUNDRY DEBTORS		
Debts outstanding for more than six months		
Unsecured but considered good	5545168	4516650
Other debts :		
Unsecured but considered good	32522330	36321844
	<u>38067498</u>	<u>40838494</u>
CASH & BANK BALANCES		
SCHEDULE-08		
Cash in Hand	2182684	359441
Balance with scheduled Bank		
In Current Accounts	402207	867278
In Margin Money Accounts	4175489	1825703
	<u>6760380</u>	<u>3052422</u>
LOANS & ADVANCES		
SCHEDULE-09		
(Unsecured & Considered good)		
Advances Recoverable in Cash or in kind or for value to be received	3445325	3738403
Modvat Recoverable	675975	422585
Sales Tax Recoverable	3321290	3206221
Advance paid to Suppliers & Others	10819492	7189073
Staff Advance	711254	1389783
Security Deposits - Office & Others	1499207	1483703
Prepaid Expenses	270367	212529
Tax Deducted at Source	27305	84995
	<u>20770215</u>	<u>17727292</u>

RATHI GRAPHIC TECHNOLOGIES LIMITED

(Amount in Rs.)

	31.03.2009	31.03.2008
<u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>SCHEDULE-10</u>		
Current Liabilities		
Sundry Creditors-Raw Materials	11925476	7656402
Sundry Creditors-Expenses	5907580	5227922
Sundry Creditors-Others	2740092	3471131
Advance recd from Customer	16403	30434
Security from Dealers	1466000	1320000
Provisions		
Gratuity Bonus & Leave Encashment Payable	1324854	1052511
Provision for Income Tax - Income Tax & FBT	908635	1086688
Provision for Wealth Tax	11729	470
	<u>24300769</u>	<u>19845558</u>
<u>MISCELLANEOUS EXPENDITURE</u>		
<u>SCHEDULE-11</u>		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	89703	111456
Misc, Expenditure	136110	181480
	<u>225813</u>	<u>292936</u>
<u>SALES</u>		
<u>SCHEDULE-12</u>		
Sales - Manufacturing	170590262	169530566
Sales - Trading	0	253800
	<u>170590262</u>	<u>169784366</u>
<u>OTHER INCOME</u>		
<u>SCHEDULE-13</u>		
Dividend	12456	12456
Interest *	290439	217824
Miscellaneous Income	3658	7626
Previous Year Income	56992	0
Profit on Investment	0	92070
	<u>363545</u>	<u>329976</u>
* Including Tax Deducted at Source Rs. 69525/- (previous year Rs. 27305)		
<u>RAW MATERIAL & MANUFACTURING EXPENSES</u>		
<u>SCHEDULE-14</u>		
Raw Material Consumed	75023370	57377695
Power & Fuel	10653081	10041078
Wages, Salaries & Benefits	9394028	7647683
Employer Contribution to EPF	391502	262666
Employer Contribution to ESI	126841	104132
Freight & Cartage	263236	206480
Stores Consumed	551847	799719
Rates & Taxes	619656	565856
Insurance Premium	391107	368943
Repairs & Maintenance		
Building	215838	291481
Plant & Machinery	195556	153182
	<u>97826062</u>	<u>77818915</u>

RATHI GRAPHIC TECHNOLOGIES LIMITED

(Amount in Rs.)

	31.03.2009	31.03.2008
SCHEDULE-15		
<u>ADMINISTRATIVE & SELLING EXPENSES</u>		
Director's Remuneration	2100000	1800000
Directors Sitting Fees	9000	3000
Donation	1060716	941740
Payment to Auditors:	120000	120000
- Audit Fees	100000	
- Tax Audit Fees	20000	
Carriage Outwards	1131071	1612264
Insurance Charges (Key Man insurance for Managing Director)	683375	844500
Legal & Professional Expenses	1623742	928328
Repairs & Maintenance - other	1066503	1070080
Miscellaneous Expenses	1001296	909746
Packing Material Consumed	3265553	2468192
Postage & Telegram, Telephone and Printing & Stationery Exp.	1288621	1407333
Rent	625854	655568
Research & Development Expenses	19645	28047
Travelling & Conveyance expenses	5755921	5271690
Previous Year Expenses	461183	528
Income Tax - FBT	0	1869
Advertisement & Selling Expenses	13606411	18943090
	<u>33818891</u>	<u>37005975</u>
SCHEDULE-16		
<u>INTEREST / FINANCE EXPENSES</u>		
Interest on Term Loan	2437740	2326853
Interest on Working Capital Loan	6250999	5921045
Bank Charges	1619713	1307146
Interest on Car Loan	668346	572651
Interest on Unsecured Loan	544985	9171
Interest Others	81243	0
Interest on Security Deposit from Customer	111011	131931
	<u>11714037</u>	<u>10268797</u>
SCHEDULE-17		
<u>MISCELLANEOUS EXPENSES WRITTEN OFF</u>		
Deferred Revenue Expenditure	21753	21753
Preliminary Expenses	45370	45370
	<u>67123</u>	<u>67123</u>

RATHI GRAPHIC TECHNOLOGIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2009

(Amount in Rs.)

PARTICULARS	31.03.2009	31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before	9790417	20395672
Depreciation	6013200	5262675
Interest & Finance Charge	11714037	10268797
Interest Received	-347431	-217824
Dividend Received	-12456	-12456
Miscellaneous Expenses Written off	67123	67123
Other Income	-3658	0
Profit/(Loss) on Sale of Fixed Assets	0	0
	<u>17430815</u>	<u>76577</u>
Operating Profit Before Working Capital Changes	27221232	35840564
Add: Adjustment		
Inventories	-11499106	-11167751
Trade & Other Receivables	2770996	-2454282
Trade Payables	3751266	-601001
	<u>-4976844</u>	<u>-601001</u>
Cash Flow from Operating activities	22244388	21617530
Income Tax Paid	736900	1572200
	<u>736900</u>	<u>1572200</u>
Net Cash Flow from Operating Activities - A	21507488	20040330
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	-9717331	-8480694
Acquisition of Investement	-53663480	- 55300000
Proceeds from Sales of Fixed Assets	0	-76577
Proceeds from Sales of Investments	0	92070
Interest Received	347431	217824
Deividnt Received	12456	12456
Other Income	3658	7626
	<u>-63017266</u>	<u>7626</u>
Net Cash Flow From Investing Activities - B	-63017266	-63527295
C. CASH FLOW FROM FINANCE ACTIVITIES		
Proceeds from issue of Shares/Debentures etc.	4781000	15160000
Proceeds from Long Term Borrowings/Others	41657088	29765544
Repayment of Loans and Advances	-3042923	-5196865
Interest & Finacne Charge Paid	-11714037	-10268797
Reserve & Surplus	13536608	13256000
	<u>13536608</u>	<u>13256000</u>
Net Cash Flow From Finance Activities-C	45217736	42715882
Net Cash Inflow / (Overflow) (A+B+C)	3707958	-771083
Cash and Bank Balances (Opening Balance)	3052422	3823505
Cash and Bank Balances (Closing Balance)	6760380	3052422

(Raj Kumar Rathi)
Managing Director

(Sandesh Jain)
Director

(S. Biswas)
Chief Financial Officer

(Amit Narayana)
Company Secretary

Place: New Delhi
Dated : 4th September, 2009

We have examined the attached Cash Flow Statement of Rathi Grathic Technologies Limited for the year ended 31st March,2009. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement entered into by the Company and is based on and in Agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 4th September, 2009 to the members of the Company.

For A.K.Maheshwari & Associates
Chartered Accountants

Place: New Delhi
Dated : 04th Sept., 2009

(Anand Maheshwari)
Proprietor

A) SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

- a) The financial statements of the Company are prepared under the historical Cost Convention using Accrual Method of Accounting.
- b) The financial statements have been prepared in accordance with the mandatory Accounting Standards and relevant presentation requirements of the Companies Act, 1956.

2. FIXED ASSETS AND DEPRECIATION

- a) Fixed assets are accounted for at cost of acquisition inclusive of freight, duties, taxes, erection, installation and other incidentals related to acquisitions and exclusive of Excise Modvat recoverable on purchase of Capital Goods.
- b) Cost of fixed Assets acquired from outside India is converted into Indian rupees at the exchange rates prevailing on the date of disbursements.
- c) Depreciation on fixed Assets is provided on Straight Line Method considering single shift working in accordance with the rates specified in schedule XIV of the Companies Act, 1956 as amended by Notification No. GSR 756(E) dated 16th December, 1993 of the Ministry of Law, Justice & Company Law Affairs, Department of Company Affairs.

3. INVESTMENT

Investments are taken at cost.

4. SALES

Sales represents invoiced value of goods sold and services rendered, net of sales tax but inclusive of excise duty.

5. INVENTORIES

Inventories are valued as per AS-2 (Valuation of Inventories) issued by the ICAI as under:

- a) Stocks of Raw Materials are valued at cost by adopting FIFO Method.
- b) Stock of Work in process is valued at cost of Raw Material and proportionate direct manufacturing expenses.
- c) Stock of stores, spares and packing material are valued at cost by adopting FIFO Method.
- d) Stocks of finished goods are valued at lower of cost or net realizable value. Cost includes raw material cost and appropriate share of manufacturing expenses and is inclusive of depreciation and excise duty paid / payable thereon.

6. RESEARCH AND DEVELOPMENT EXPENDITURE

The capital expenditures are debited to the respective heads under fixed assets. The revenue expenditure is charged to revenue account and disclosed separately.

7. BORROWING COSTS

Borrowing costs attributable to acquisition, construction of qualifying assets are capitalized as part of cost of the relevant asset up to the date the asset is put to use. All other borrowing costs are recognized as an expense in the year in which they are incurred.

8. FOREIGN CURRENCY TRANSACTIONS

Transactions for foreign currency are recorded at the exchange rate prevailing on the date of transaction. For the foreign currency transactions outstanding at the end of the year, the exchange rate difference is being recognized at year end. However, foreign currency transactions which are settled up to the date of balance sheet, the exchange fluctuation is therefore accounted for on actual basis.

9. RETIREMENT BENEFIT PLANS:

Future liability for gratuity and leave encashment is determined on the basis of actuarial valuation at year end.

10. PROVISION FOR CURRENT AND DEFERRED TAX :

Provision for current tax liability is estimated as per the provisions of the Income Tax Act, 1961
Deferred tax is recognized subject to the consideration of prudence on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more period.

11. IMPAIRMENT OF ASSETS :

In case of indication of impairment of the carrying amount of the Company's assets, an asset's recoverable amount is estimated impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

Reversal of Impairment loss recognized in prior periods is recorded when there is an indication that the impairment loss recognized for the asset no longer exists or has decreased.

Post Impairment depreciation is provided on the revised carrying value of the asset over its remaining useful life.

12. REVENUE RECOGNITION

- i) Sales are recognized on dispatch of goods to customers.
- ii) Profit / Loss on sale of investment and Fixed Assets are recognized in the year of sale.

13. DEFERRED REVENUE EXPENDITURE

Deferred revenue expenditure is written off over a period of six year.

14. MISCELLANEOUS EXPENDITURE

Miscellaneous Expenditure is written off over a five year.

B) NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for:
 - i) Letter of Credit established in favour of the suppliers for import of raw materials Rs. 97,37,760/- (Previous Year Rs.72,78,603/-).

ii) The Company has filed an appeal against the balance of Rs.12.81 Lacs against imported capital goods on 03.03.2007. The Central Excise Authorities have issued a stay order vide order no.1141/2007 ex dated 26/11/2007. The Present impugned order is passed in pursuance to remand order passed by the Tribunal. The Amount already deposited is sufficient for hearing of the appeal.

ended on
31/03/2009

ended on
31/03/2008

Directors Remuneration

Directors Remuneration

Salary 21,00,000 18,00,000

Sitting Fees 9,000 3,000

2. The unavailed exemption for sales tax vide department letter dated 13.01.2004 as per details given below :

From	To	Extent of exemption
6.9.2008	5.9.2009	50 %
6.9.2009	5.9.2010	40 %
6.9.2010	5.9.2011	40 %
6.9.2011	5.9.2012	30 %
6.9.2012	5.9.2013	30 %

3. In the opinion of the Management all the current assets are realizable at the stated value.

4. The components of Deferred Tax Asset / Deferred Tax Liability in accordance with AS22 "Accounting for Taxes on Income" as on 31/3/2009 are as follows:

	Current Year Amount (in Rs.)	Previous Year Amount (in Rs.)
Deferred Tax Assets		
Depreciation	11,21,090	22,65,642
Gratuity Provision	1,87,192	7,66,788
Interest Unpaid	1,11,011	1,31,931
Bonus Unpaid	1,85,513	1,34,181
Provision for Leave Encashment B/F Losses	78,029	1,49,542
Deferred Tax Assets/ Deferred Tax Liabilities		
Depreciation		
B/F Losses	-----	1,99,43,075
	<u>16,82,835</u>	<u>1,64,94,991</u>
Net Deferred Tax Liabilities		
Charged to P&L Account (33.99%)	5,71,996	56,06,648
Net Deferred Tax Assets		
Transferred to B/S	73,66,333	78,88,629

5. Salaries and wages includes

	Current Year Rs.	Previous Year Rs.
Employer Contribution to Provident Fund:	3,91,502/-	2,82,666/-
Employer Contribution to ESI	1,26,841	1,04,132/-
	<u>5,18,343</u>	<u>3,66,798/-</u>

6. Payment to Auditors :

	Current year	Previous Year
For Statutory Audit	Rs.1,10,300	Rs. 1,12,360/-
For Tax Audit	Rs. 22,060	Rs. 22,427/-
	<u>Rs.1,32,360</u>	<u>Rs. 1,34,787/-</u>

7. Interest @ 10 % per annum. has been provided on security deposit received from dealers.

8. Managerial Remuneration

(Amount in Rs.)

For the year For the year

9. Related party transactions:

Sr.no.	Name of the Party	Relationship	Nature of Transaction	Transaction amount	Outstanding as on 31.3.2008
1.	Alpha Stock Fin services Pvt.Ltd.	Sh. Raj Kumar Rathi is a Director	Unsecured Loan	24251530	31788000
2.	Rathi Electrosteel Ltd.	Shri Raj Kumar Rathi is a Director	Unsecured Loan	1300000	2575000
3.	Rathi Iron And Steel Industries Ltd.	Relative of Director	Unsecured Loan	11310674	Nil
4.	Shark Packaging (I) Pvt.Ltd.	Shri Raj Kumar Rathi is a Director	Unsecured Loan	15000000	23421000
5.	Alpha Stock Finservices Pvt.Ltd.	Shri Raj Kumar Rathi is a Director	Share Warrants	8991000	NIL
6.	Shark Packaging (I) Pvt.Ltd.	Shri Raj Kumar Rathi is a Director	Share Warrants	9450000	NIL
7.	Shri Raj Kumar Rathi	Director	Remuneration	2100000	96920

10. Loans & Advances include an amount of Rs.31,54,505/- towards GST including surcharge recoverable from Sales Tax Authority. This figure represents the excess amount paid to the Authority and correspondingly, Current liabilities also include this amount as refundable to the customers.

11. The Company has issued 683000 of fully convertible share warrants on preferential basis at a price of Rs.30 per warrant inclusive of premium of Rs.20 per warrant amounting to Rs.2,04,90,000/- in accordance with SEBI (DIP) Guidelines,2000.

12. Necessary disclosures required under the Micro, Small and Medium Enterprises Development Act,2006, can only be considered once relevant information to identify the suppliers who are covered the said Act are received from such parties/suppliers.

13. Additional information pursuant to provisions of Part – II, schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

14. The Company has acquired 100% shares of M/s.Rathi Rajasthan Steel Mills Limited and resolution has been passed by Board of Directors on dated 24th September, 2007. M/s. Rathi Rajasthan Steel Mills Limited is setting up a plant for manufacture of superior quality reinforcement CTD/TMT bars and wire roads etc. with an installed capacity of 75,000 TPA. The erection and commission work has been completed and the commercial production is started in May, 2009.

15. Quantitative information pursuant to the provisions of paragraphs 3,4 C and 4 D of part II of schedule VI of the companies Act, 1956. Previous Year's figures have been given in brackets.

a) Licenced, Installed capacity and Actual production :

PARTICULARS	UNIT	LICENCED CAPACITY	INSTALLED CAPACITY	ACUTAL
Toners	KG	330000 (330000)	330000 (330000)	3,53,332.710 (3,23,379.660)
Developers	KG	100000 (100000)	100000 (100000)	628.40 (916.400)

b) Particulars in Respect of sales:

PARTICULARS	QUANTITY (KG)	VALUE (RS)
Toners	343913.46 (309987.34)	16,99,04,530.00 (16,83,31,290)
Developers	528.60 (1282.05)	6,85,732.00 (11,99,276)
Steel-Trading	Nil (2282.00)	Nil (2,53,800.00)

c) Details of Finished Goods :

I. Opening Stock

	QUANTITY (KG)	VALUE (RS.)
Toners	64,929.06 (51,536.740)	1,86,79,663.00 (1,59,74,741.00)
Developers	262.20 (627.85)	2,57,573.00 (6,25,770.00)
Steel	Nil (2,282)	Nil (48,515.00)

II. Closing Stock

Toners	74,348.30 (64,929.06)	2,43,30,625.00 (1,86,79,663)
Developers	362.00 (262.20)	4,36,751.00 (2,57,573)
Steel-Trading	0.00 (2,280.00)	0.00 (48,515)

III. Purchases

	QUANTITY (KG)	VALUE (RS.)
Toners	Nil (Nil)	Nil (Nil)
Developers	Nil (Nil)	Nil (Nil)

d) Details of Raw Material consumed during the year

Raw Toners/	330852.880	7,12,34,570.00
Developers	(3,28,543.055)	(5,73,77,695.00)

e) Value of Raw Materials, Spare parts & Components consumed during the period :

Raw Material (Imported)	71234570.00 (57377695.00)
(Indigenous)	Nil (Nil)

Stores, Spare parts & Components	551847.00 (799719.00)
----------------------------------	---------------------------------

f) Value of Imports during the year (CIF Basis but Exclusive of Custom Duty)

Raw Materials	6,68,86,741 (5,20,23,971)
Finished Goods	Nil (NIL)
Capital Goods	Nil (NIL)

g. Expenditure in foreign currency during the period

Travelling & Reimbursement Expenses	521532 (915479)
-------------------------------------	--------------------

16. NOTE

Schedule 1 to 18 form an integral part of the Balance Sheet and Profit & Loss Account together with the Auditor's Report. Previous year figures have been regrouped/ rearranged wherever necessary.

17. Balance Sheet Abstract and Company's General Business Profile as per Part III of Schedule VI of the Act.

1. Registration Details	
Registration No.	20 – 13770
State Code	20
Balance Sheet	DD MM YY 31 03 2009

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	6830

3. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

<u>Total Liabilities</u>	<u>Total Assets</u>
382715	382715
<u>Source of Funds</u>	<u>Reserves & Surples</u>
<u>Paid up Capital</u>	97660
139390	<u>Unsecured Loans</u>
<u>Secured Loans</u>	61651
77529	<u>Investments</u>
<u>Application of Funds</u>	110776
<u>Net Fixed Assets</u>	<u>Misc. Expenditure</u>
141340	225
<u>Net Current Assets</u>	<u>Accumulated Losses</u>
112629	10426
<u>Deferred Tax Assets</u>	
7316	

4. Performance of Company (Amount in Rs. Thousands)

<u>Turnover</u>	<u>Total Expenditure</u>
159229	149439
<u>Profit before Tax</u>	<u>Deferred Tax Assets (Originated during the year)</u>
9790	(571)
	<u>Profit after Tax</u>
	7522
<u>Earning per share in Rs.</u>	<u>Dividend</u>
0.54	Nil

5. Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)	Product Description : Toner for Photocopier
Item Code No. (ITC Code)	Product Description: Developer for Photocopier

For A. K. Maheshwari & Associates
Chartered Accountants

(Anand Maheshwari)
Proprietor

(Raj Kumar Rath)
Managing Director

(Sandesh Jain)
Director

(S. Biswas)
Chief Financial Officer

(Amit Narayan)
Company Secretary

Place: New Delhi
Date: 04th Sept., 2009

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF M/S.RATHI GRAPHIC TECHNOLOGIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S. RATHI GRAPHIC TECHNOLOGIES LIMITED AND ITS SUBSIDIARY.

We have examined the attached consolidated Balance Sheet of M/s.Rathi Graphic Technologies Limited and its subsidiary as at 31st March,2009, the Consolidated Profit and Loss Accounts and also the Consolidated Cash Flow Statement for the year ended on that date.

These Financial Statement are the responsibility of M/s.Rathi Graphic Technologies Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all materials respects, in accordance with and identified financial reporting framework and are free from material miss-statements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statements. We believe our audit provides as reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary M/s.Rathi Rajasthan Steel Mills Limited, whose financial statements reflect total assets of Rs.40,04,25,362/- as at 31st March,2009. and there is no turnover for the year then ended. These financial statements have been audited by other auditors' whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Ms.Rathi Graphic Technologies Limited and its subsidiary included in the Consolidated Financial Statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual financial statements of M/s.Rathi Graphic Technologies Limited and its aforesaid subsidiary, we are of the opinion that:

- a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs M/s.Rathi Graphic Technologies Limited and its subsidiary as at March,31,2009;
- b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated result of operations of M/s.Rathi Graphic Technologies Limited and its subsidiary for the year then ended; and
- c) the consolidated cash flow statement gives a true and fair view of the consolidated cash flows of M/s. Rathi Graphic technologies Limited for the year ended on that date.

For A.K. Maheshwari & Associates
Chartered Accountants

(Anand Maheshwari)
Proprietor

Place: New Delhi
Date: 04th Sept., 2009

**Consolidated Financial Statements of
Rathi Graphic Tehnologies Ltd and Its Subsidiary
BALANCE SHEET AS AT 31st March,2009**

(Amount in Rs.)

	SCHEDULE	31.03.2009	31.03.2008
SOURCES OF FUNDS			
SHARE HOLDER'S FUNDS			
Share Capital	1	139390000	132560000
Share Warrants Accounts		6483000	8532000
Share Application Money		101583904	21632169
Reserves & Surplus	2	96160829	82624221
LOAN FUNDS			
Secured Loans	3	321048015	74365226
UNSECURED LOANS			
From Corporates		57870940	21956848
From Directors/Others		1322831	4384931
From Bank		3780986	2250000
TOTAL		727640505	348305395
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	252416112	231805975
Less Depreciation		65570602	59008582
Capital Work in Progress		255236874	172797393
Investments	5	55279430	1615950
CURRENT ASSETS, LOANS & ADVANCES			
i. Inventories	6	71332371	59833265
ii Sundry Debtors	7	38067498	40838494
iii Cash & Bank Balances	8	6843032	4495296
iv Loans & Advances	9	105413274	37518495
		221656175	142685550
Less : Current Liabilities & Provisions	10	38293129	30248853
Net Current Assets		183363046	112436697
DEFERRED TAX ASSETS			
Opening Balance		7888629	13495277
Add : Deferred Tax Assets Originated during the Period		-571996	-5606648
MISCELLANEOUS EXPENDITURE	11	366305	344178
PRE-OPERATIVE EXPENSES			
Opening Balance		3747835	1652856
Add: Addition During the Year		25058457	2170340
PROFIT AND LOSS ACCOUNT		10426415	17948835
Significant Accounting Policies & Notes on Accounts	18		
TOTAL		727640505	348305395

As per our separate report of even date attached

For A.K. Maheshwari & Associates
Chartered Accountants

(Anand Maheshwari)
PROPRIETOR

(Raj Kumar Rathi)
Managing Director

(S. Biswas)
Chief Financial Officer

(Sandesh Jain)
Director

(Amit Narayan)
Compnay Secretary

Place: New Delhi
Date: 04th Sept., 2009

**Consolidated Financial Statements of
Rathi Graphic Tehnologies Ltd and Its Subsidiary
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2009**

(Amount in Rs.)

SCHEDULE	31.03.2009	31.03.2008
INCOME		
Gross Sales	12	170590262
Less: Excise Duty on Sales		19285539
Net Sales		151304723
Other Income	13	363545
Increase/(Decrease) in Stock		7561462
Profit on Sales of Fixed Assets		0
TOTAL		159229730
EXPENDITURE		
Raw Material & Manufacturing Expenses	14	97826062
Administrative & Selling Expenses	15	33818891
Miscellaneous Expenses Written off	17	67123
Loss on Sales of Assets		0
TOTAL		131712076
Operating Profit (before Interest & Depraciation)		27517654
Interest /Finance Charges	16	11714037
Profit before Depreciation & Tax (PBDT)		15803617
Depreciation		6013200
Profit before Tax		9790417
Provision for Income Tax		1008413
Provision for FBT		709647
Excess Provision made in last year		33788
Provision for Deferred Tax (Liability)/Assets		-571996
Provision for Wealth Tax		11729
Net Profit after Tax		7522420
Loss brought forward from Last Year		(17948835)
Earning per share		0.54
Significant Accounting Policies & Notes on Accounts	18	
Balance Carried Over		(10426415)
As per our seprate report of even date attached		(17948835)

For A.K. Maheshwari & Associates
Chartered Accountants

(Raj Kumar Rathi)
Managing Director

(Sandesh Jain)
Director

(Anand Maheshwari)
PROPRIETOR

(S.Biswas)
Chief Financial Officer

(Amit Narayan)
Company Secretary

Place: New Delhi
Date: 04th Sept., 2009

**Consolidated Financial Statements of
Rathi Graphic Tehnologies Ltd and Its Subsidiary**

(Amount in Rs.)

	31.03.2009	31.03.2008
<u>SCHEDULE-01</u>		
<u>SHARE CAPITAL</u>		
<u>AUTHORISED</u>		
18500000 Equity share of Rs.10/- each (Previous year 18500000 Equity share of Rs. 10/- each)	185000000	185000000
<u>ISSUED, SUBSCRIBED, CALLED & PAID UP</u>		
139390000 Equity Shares of Rs.10/- each called & fully paid up (Previous year 132560000 Equity share of Rs.10/- each called & full paid up)	139390000	132560000
	<u>139390000</u>	<u>132560000</u>
SCHEDULE 02		
<u>RESERVES & SURPLUS</u>		
Share Premium	26916000	13256000
Revaluation Reserve-Land & Building	70744829	70868221
Goodwill	-1500000	-1500000
	<u>96160829</u>	<u>82624221</u>
SCHEDULE 03		
<u>LOAN FUNDS</u>		
<u>SECURED LOANS</u>		
Term Loan-I from SBBJ	0	697304
Term Loan-II from SBBJ	12117575	16000000
Term Loan-III from SBBJ	0	745935
Term Loan-IV from SBBJ	4308723	0
Term Loan-SBI	148153453	0
Term Loan-SBI (FCNRB)	95365174	0
Working Capital Loan from State Bank of Bikaner & Jaipur	47814403	46208930
Working Capital-SBL from State Bank of Bikaner & Jaipur	6818391	6700000
ICICI Bank	4610435	4013057
HDFC Bank	1859861	0
	<u>321048015</u>	<u>74365226</u>

NOTES :

- The Term loan II & IV and working capital loan from State Bank of Bikaner & Jaipur is covered by first hypothecation charge by covering entire Current Assets (present and future). Collateral Security by extending of existing charge over fixed assets and by way of hypothecation of enire movable fixed assets and equitable mortgage of factory Land and Building.
- The Term Loan and Working Capital loan are further secured by personal guarantees of one director and his two relatives.
- Loan from ICICI Bank and HDFC Bank is secured against hypothecation of cars.
- The Term loan from State Bank of India is covered by first hypothecation charge by covering entire Fixed Assets of the Company. Collateral Security by extending of 2nd charge over Company's entire current assets.
- The Term Loan is further secured by personal guarantees of Two directors and 2.00 Cr Fixed deposit which would be substituted by a tangible collateral security of similar worth subsequently.

**Consolidated Financial Statements of
Rathi Graphic Tehnologies Ltd and Its Subsidiary**

**SCHEDULE-04
(Amount in Rs.)**

FIXED ASSETS

ASSETS	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 01.04.2008	Addition	Adjustment / Disposal	As at 31.03.2009	UPTO 31.03.2008	For the Period	Dep. Adjusted	TOTAL 31.03.2009	As at 31.03.2009	As at 31.03.2008
Lease Hold Land	110180554	10892806		121073360	0	0	0	0	121073360	110180554
Factory Building	38237274			38237274	14076094	1215429	0	15291523	22945751	24710000
Plant & Machinery	63979659	4688378		68668037	39109811	3155552	0	42265362	26402675	24869848
Electric Installation	3746932	61738		3808670	2457933	178642	0	2636574	1172096	1288999
Vehicle	6668556	4353020		11021576	1108666	820607	0	1929273	9092303	5559890
Tubewell	115941			115941	53054	3872	0	56926	59015	62887
Furniture & Fixture	4114691	227833		4342524	1052752	269748	0	1322500	3020024	3061939
Office Equipment	3513140	249162		3762302	1164752	171029	0	1335781	2426521	2348388
Computers	1142456	137200		1279656	470665	193250	0	663915	615741	671791
Tools & Dies	106772			106772	63676	5072	0	68748	38024	43096
Total	231805975	20610137	0	252416112	59557402	6013200	0	65570602	186845510	172797393
Previous Year ended 31.03.2008	221679011	10717478	590514	231805975	54124844	5262675	378937	59008582	172797393	131568620

Capital Work in Progress

ASSETS	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 01.04.2008	Addition	Adjustment / Disposal	As at 31.03.2009	UPTO 31.03.2008	For the Period	Dep. Adjusted	TOTAL 31.03.2009	As at 31.03.2009	As at 31.03.2008
Building Under Construction	24968383	79267206		104235589				0	104235589	24968383
Plant and Machinery	6160806	122389233		128550039				0	128550039	6160806
Electrical Installation	181188	21045535		21226723				0	21226723	181188
Borewell	7340			7340				0	7340	7340
Tubewell	132800			132800				0	132800	132800
Computer		744009		744009					744009	
Office Equipments		107821		107821					107821	
Furniture & Fixtures		232553		232553					232553	
TOTAL	31450517	223786357	0	255236874	0	0	0	0	255236874	31450517
Previous Year Ended on 31.03.2008	4378848	28872846	1801177	31450517				0	31450517	4378848

Consolidated Financial Statements of
Rathi Graphic Tehnologies Ltd and Its Subsidiary

(Amount in Rs.)

	31.03.2009	31.03.2008
SCHEDULE-05		
INVESTMENTS		
A. Quoted (At Cost)		
Rathi Udyog Limited (24911 Shares @Rs.50 per share)	1245550	1245550
B. Others (At Cost)		
Investment in NSC	3000	3000
D. Immovable Properties		
Residential Flat	367400	367400
Investment in Subsidiary Company	53663480	
	55279430	1615950

(Aggregate Value of Quoted investment Rs.1245550/-
and market value of quoted investment of Rs.251601/-)

SCHEDULE 06

INVENTORIES

(As taken, valued & Certified by the Management)

Raw material	28677120	26161875
Finished Goods	24768288	18937236
Stores & Spares	2004536	1709781
Furnace Oil	41988	90356
Packing Material	3893387	2891792
Work in Process	8691090	6960680
Scrap	197000	197000
Scheme Items	3058962	2884545
	71332371	59833265

**Consolidated Financial Statements of
Rathi Graphic Tehnologies Ltd and Its Subsidiary**

(Amount in Rs.)

	31.03.2009	31.03.2008
SCHEDULE-07		
<u>SUNDRY DEBTORS</u>		
Debts outstanding for more than six months : Unsecured but considered good	5545168	4516650
Other debts : Unsecured but considered good	32522330	36321844
	38067498	40838494
SCHEDULE 08		
<u>CASH & BANK BALANCES</u>		
Cash in Hand	2214310	529342
Balance with Scheduled Bank In Current Accounts	453233	2140251
In Margin Money Accounts	4175489	1825703
	6843032	4495296
SCHEDULE 09		
<u>LOANS & ADVANCES</u>		
(Unsecured & Considered good)		
Advances Recoverable in Cash or in kind or for value to be received	3448686	3752139
Modvat Recoverable	23175937	2427445
Sales Tax Recoverable	5742878	3932790
Advance paid to Suppliers & Others	65776318	24135281
Staff Advance	738654	1389783
Security Deposits-Office & Others	6164635	1582131
Prepaid Expenses	338861	212529
Tax Deducted at source	27305	86397
	105413274	37518495
SCHEDULE 10		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>CURRENT LIABILITIES</u>		
Sundry Creditors-Raw Materials	11925476	7656402
Sundry Creditors-Expenses	6830674	5603942
Sundry Creditors-Others	15809358	13498406
Advance recd from Customer	16403	30434
Security from Dealers	1466000	1320000
<u>PROVISIONS</u>		
Gratuity,Bonus & Leave Encashment Payable	1324854	1052511
Provision for Income Tax & FBT (Ass.Year 2009-10)	908635	1086688
Provision for Wealth Tax (Ass.Year 2009-10)	11729	470
	38293129	30248853
SCHEDULE 11		
<u>MISCELLANEOUS EXPENDITURE</u>		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	89703	126446
Misc.Expenditure	136110	217732
Preliminary Expenses	140492	
	366305	344178

**Consolidated Financial Statements of
Rathi Graphic Tehnologies Ltd and Its Subsidiary**

(Amount in Rs.)

	31.03.2009	31.03.2008
SALES		SCHEDULE-12
Sales-Manufacturing	170590262	169530566
Sales-Trading	0	253800
	<u>170590262</u>	<u>169784366</u>
OTHER INCOME		SCHEDULE 13
Dividend	12456	12456
Interest *	290439	217824
Miscellaneous Income	3658	7626
Previous Year Income	56992	0
Profit on Investment	0	92070
	<u>363545</u>	<u>329976</u>
*Includes Tax Deducted at Source Rs.69525/-(Previous Year Rs.27305/-)		
RAW MATERIAL & MANUFACTURING EXPENSES		SCHEDULE 14
Raw Material Consumed	75023370	57377695
Power & Fuel	10653081	10041078
Wages, Salaries & Benefits	9394028	7647683
Employer Contribution to ESI	126841	104132
Employer Contribution to EPF	391502	262666
Freight & Cartage	263236	206480
Stores Consumed	551847	799719
Rates & Taxes	619656	565856
Insurance Premium	391107	368943
Repairs & Maintenance		
Building	215838	291481
Plant & Machinery	195556	153182
	<u>97826062</u>	<u>77818915</u>
ADMINISTRATIVE & SELLING EXPENSES		SCHEDULE 15
Director's Remuneration	2100000	1800000
Directors Sitting Fees	9000	3000
Donation	1060716	941740
Payment to Auditors:	120000	120000
-Audit Fees	100000	
-Tax Audit Fees	20000	
Carriage Outwards	1131071	1612264
Insurance Charges(Key Man insurance for Managing Director)	683375	844500
Legal & Professional Expenses	1623742	928328
Repairs & Maintance-Other	1066503	1070080
Miscellaneous Expenses	1001296	909746
Packing Material Consumed	3265553	2468192
More Point More Money Consumed	1617117	1088265
Postage & Telegram, Telephone and	1288621	1407333
Printing & Stationery Expenses		
Rent	625854	655568
Research & Development Expenses	19645	28047
Travelling & Conveyance Expenses	5755921	5271690
Previous Year Expenses	461183	528
Income Tax-FBT	0	1869
Advertisement & Selling Expenses	11989294	17854825
	<u>33818891</u>	<u>37005975</u>

**Consolidated Financial Statements of
Rathi Graphic Tehnologies Ltd and Its Subsidiary**

(Amount in Rs.)

	31.03.2009	31.03.2008
		SCHEDULE-16
<u>INTEREST/FINANCE EXPENSES</u>		
Interest on Term Loan	2437740	2326853
Interest on Working Capital Loan	6250999	5921045
Bank Charges	1619713	1307146
Interest on Car Loan	668346	572651
Interest on Unsecured Loan	544985	9171
Interest others	81243	0
Interest on Security Deposit from Customer	111011	131931
	<u>11714037</u>	<u>10268797</u>

SCHEDULE 17

MISCELLANEOUS EXPENSES WRITTEN OFF

Deferred Revenue Expenditure	21753	21753
Preliminary Expenses	45370	45370
	<u>67123</u>	<u>67123</u>

**Consolidated Financial Statements of
Rathi Graphic Tehnologies Ltd and Its Subsidiary
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH,2009**

(Amount in Rs.)

PARTICULARS	31.03.2009	31.03.2008
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	9790417	20395672
Add: Adjustment:		
Depreciation	6013200	5262675
Interest & Finance Charge	11714037	10268797
Interest Received	-347431	-217824
Dividend Received	-12456	-12456
Misc. Expenses Written off	67123	67123
Misc Income	-3658	0
Profit/(Loss) on Sale of Fixed Assets	0	76577
	<u>17430815</u>	<u>15444892</u>
Operating profit before Working Capital Change	27221232	35840564
Add: Adjustment:		
Inventories	-11499106	-11167751
Trade & Other Receivables	2770996	-2454282
Trade Payables	10852006	9790875
	<u>29345128</u>	<u>32009406</u>
Cash Flow from operating activities	29345128	32009406
Income Tax Paid	736900	1577200
	<u>28608228</u>	<u>30432206</u>
NET CASH FLOW FROM OPERATING ACTIVITIES-A	28608228	30432206
B: CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	-244396494	-33954296
Pre-operative Expenses (Allocation for Capitalised)	-25058457	-2170340
Acquisition of Investment	-56895380	-200000
	<u>-326350331</u>	<u>-36324636</u>
Proceeds from Sales of Fixed Assets	0	-76577
Proceeds from Sales of Investments	0	92070
Interest Received	347431	217824
Dividend Received	12456	12456
Other Income	3658	7626
	<u>363545</u>	<u>7626</u>
	<u>-325986786</u>	<u>-36071237</u>
NET CASH FLOW FROM INVESTING ACTIVITIES-B	-325986786	-36071237
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares/ Debentures etc	84732735	14660000
Proceeds from Long Term Borrowing/Others	281065767	8703461
Repayment of Loans and Advances	-67894779	-19985522
Interest & Finance Charge Paid	-11714037	-10268797
Reserve & Surplus	13536608	11756000
	<u>299726294</u>	<u>4865142</u>
NET CASH FLOW FROM FINANCING ACTIVITIES-C	299726294	4865142
NET CASH INFLOW/ (OVERFLOW) (A+B+C)	2347736	-773889
CASH AND BANK BALANCE (OPENING BALANCE)	4495296	5269185
CASH AND BANK BALANCE (CLOSING BALANCE)	6843032	4495296

Raj Kumar Rathi
(Managing Director)

Sandesh Jain
(Director)

S.Biswas
(Chief Financial Officer)

Place: New Delhi
Dated: 4th Sept,2009

Amit Narayan
(Company Secretary)

We have examined the attached Consolidated Cash Flow Statement of Rathi Graphic Technologies Limited and its subsidiary for the year ended 31st March,2009. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement entered into by the Company and is based on and in Agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 4th September,2009 to the members of the Company.

For A.K.Maheshwari & Associates
Chartered Accountants

Place: New Delhi
Dated: 4th Sept,2009

Anand Maheshwari
(Proprietor)

Consolidated Financial Statement of M/s.Rathi Graphic Technologies Limited and its subsidiary Company namely, M/s. Rathi Rajasthan Steel Mills Limited

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH,2009

Schedule-18

A: SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PREPARATION

The Consolidated Financial Statement are prepared in accordance with Accounting Standard -21 on Consolidated Financial Statement issued by the Institute of Chartered Accountants of India.

2. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statement relate to M/s. Rathi Graphic Technologies Limited (Parent Company) and its subsidiary namely, M/s.Rathi Rajasthan Steel Mills Limited. The Financial Statement of the Company and that the Rathi Rajasthan Steel Mills Limited have been prepared in accordance with the Generally Accepted Accounting Practices (GAAP) applicable in India These Financial Statement have been prepared by consolidation of the Financial Statement of the Company and its subsidiary on a line-by-line basis after fully eliminating the inter-company transactions.

3. PROPORTION OF OWNERSHIP INTEREST IN SUBSIDIARY COMPANY INCLUDED IN CONSOLIDATION

Sr. No.	Name of the Company	Country of Incorporation	Proportion of Ownership interest as on March 31,2009
1	Rathi Rajasthan Steel Mills Limited	India	100%

4. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Financial Statement of the Company have been prepared under historical cost convention, except as otherwise stated, in accordance with the Generally Accepted Accounting Practices (GAAP) applicable in India and the provisions of the Companies Act,1956.

5. USE OF ESTIMATES

The preparation of the Financial Statements in conformity with GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities , disclosure of contingent liabilities as at the date of the financial

Statements, and the reported amount of revenue and expenses during the reported period. Actual result could differ from those estimates.

6. REVENUE RECOGNITION

Sales are recognized on dispatch of goods to customers and Profit / Loss on sale of investment and Fixed Assets are recognized in the year of sale.

7. BORROWING COSTS

Borrowing costs are attributable to the acquisition, construction of qualifying assets are capitalized as part of cost of such assets up to the date the assets are ready for their intended use. All other borrowing costs are recognized as an expense in the year in which they are incurred.

8. FIXED ASSETS AND DEPRECIATION

- a) Fixed assets are accounted for at cost of acquisition inclusive of freight, duties, taxes, erection, installation and other incidentals related to acquisitions and exclusive of Excise Modvat recoverable on purchase of Capital Goods.
- b) Cost of fixed Assets acquired from outside India are converted into Indian rupees at the exchange rates prevailing on the date of disbursements.
- c) Depreciation on fixed Assets is provided on Straight Line Method considering single shift working in accordance with the rates specified in schedule XIV of the Companies Act, 1956 as amended by Notification No. GSR 756(E) dated 16th December, 1993 of the Ministry of Law, Justice & Company Law Affairs, Department of Company Affairs.

9. INVESTMENT

Investment are taken at Cost

10. INVENTORIES

- a) Stocks of Raw Materials are valued at cost by adopting FIFO Method.
- b) Stock of Work in process is valued at cost of Raw Material and proportionate direct manufacturing expenses.
- c) Stock of stores, spares and packing material are valued at cost by adopting FIFO Method.
- d) Stocks of finished goods are valued at lower of cost or net realizable value. Cost includes raw material cost and appropriate share of manufacturing expenses and

is inclusive of depreciation and excise duty paid / payable thereon.

11. RESEARCH AND DEVELOPMENT EXPENDITURE

The capital expenditures are debited to the respective heads under fixed assets. The revenue expenditure is charged to revenue account and disclosed separately.

12. FOREIGN CURRENCY TRANSACTIONS

Transactions for foreign currency are recorded at the exchange rate prevailing on the date of transaction. For the foreign currency transactions outstanding at the end of the year, the exchange rate difference are being recognized at year end. However, foreign currency transactions which are settled up to the date of balance sheet, the exchange fluctuation is therefore accounted for on actual basis.

13. DEFERRED REVENUE EXPENDITURE

1/6th of such expenses have been charged to Revenue Account.

14. MISCELLANEOUS EXPENDITURE

1/5th of such expenses have been charged to Revenue Account

B: NOTES ON ACCOUNTS:

1. Contingent Liabilities not provided for:
 - i) Letter of Credit established in favour of the suppliers for import of raw materials Rs. 97,37,760/- (Previous Year Rs. 72,78,603/-).
 - ii) The Company has filed an appeal against the balance of Rs.12.81 Lacs against imported capital goods in 1995. The Central Excise Authorities have issued a stay order vide order no.1141/2007 ex dated 26/11/2007. The Present impugned order is passed in pursuance to remand order passed by the Tribunal. The Amount already deposited is sufficient for hearing of the appeal.
2. The inventory of raw material, stores, oil & fuel and finished goods has been valued as per AS – 2 (Valuation of Inventories) issued by The Institute of Chartered Accountants of India.
3. The company has received sales tax exemption vide the department letter dated 13.01.2004 as per details given below :

From	To	Extent of exemption
6.9.2008	5.9.2009	50 %
6.9.2009	5.9.2010	40 %
6.9.2010	5.9.2011	40 %
6.9.2011	5.9.2012	30 %
6.9.2012	5.9.2013	30 %

4. In the opinion of the Management no provision on deemed income under MAT in accordance with section 115JB of the Income Tax Act,1961 is required due to the unabsorbed business losses/depreciations during the earlier years.
5. In the opinion of the Management all the current assets are realizable at the stated value.
6. As per information available with management none of the creditors fall within the SSI category.
7. The components of Deferred Tax Asset / Deferred Tax Liability in accordance with AS22 "Accounting for Taxes on Income" as on 31/3/2009 are as follows:

Deferred Tax Assets	Current Year Amount (in Rs.)	Previous Year Amount (in Rs.)
Depreciation	11,21,090	22,65,642
Gratuity Provision	1,87,192	7,66,788
Interest Unpaid	1,11,011	1,31,931
Bonus Unpaid	1,85,513	1,34,181
Provision for Leave Encashment	78,029	1,49,542
B/F Losses		

Deferred Tax Assets Deferred Tax Liabilities

Depreciation		
B/F Losses	—	1,99,43,075
	16,82,835	1,64,94,991

Net Deferred Tax Liabilities Charged to P&L Account(33.99%)	5,71,996	56,06,648
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Net Deferred Tax Assets Transferred to B/S	73,16,633	78,88,629
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8. Salaries and wages includes	Current Year Rs.	Previous Year Rs.
Employer Contribution to Provident Fund:	3,91,502/-	2,62,666/-
Employer Contribution to ESI	1,26,841/-	1,04,132/-
	5,18,343/-	3,66,798/-

9. Payment to Auditors	Current Year	Previous Year
For Statutory Audit	Rs.1,25,300	Rs. 1,27,360/-
For Tax Audit	Rs. 22,060	Rs. 22,427/-
	Rs.1,47,360	Rs. 1,49,787/-

10. Interest @ 10 % per annum. has been provided on security deposit received from dealers.

11. Managerial Remuneration

	For the Year ended on 31/03/2009	(Amount in Rs.) For the Year ended on 31/03/2008
Directors Remuneration		
Salary	21,00,000	18,00,000
Sitting Fees	9,000/-	3,000/-

12. Related party transactions:

Sr.No.	Name of the Party	Relationship Transaction	Nature of Transaction	Transaction amount	Outstanding as on 31.3.2009
1	Alpha Stock Fin services Pvt.Ltd.	Shri Raj Kumar Rathi is a Director	Unsecured Loan	24251530	31788000
2	DBG Leasing & Housing Ltd.	Relative of Director	Unsecured Loan	5000000	Nil
3	Rathi Electrosteel Ltd.	Shri Raj Kumar Rathi is a Director	Unsecured Loan	1300000	2575000
4	Rathi Iron And Steel Industries Ltd.	Relative of Director	Unsecured Loan	11310674	Nil
5.	Shark Packaging (I) Pvt.Ltd.	Shri Raj Kumar Rathi is a Director	Unsecured Loan	15000000	23421000
6	Alpha Stock Finservices Pvt.Ltd.	Shri Raj Kumar Rathi is a Director	Share Warrants	8991000	NIL
7	Shark Packaging (I) Pvt.Ltd.	Shri Raj Kumar Rathi is a Director	Share Warrants	9450000	NIL
8	Shri Raj Kumar Rathi	Director	Remuneration	2100000	96920

13. Loans & Advances include an amount of Rs.31,54,505/- towards CST including surcharge recoverable from Sales Tax Authority. This figure represents the excess amount paid to the Authority and correspondingly, Current liabilities also include this amount as refundable to the customers.

14. The Company has issued 683000 of fully convertible share warrants on preferential basis at a price of Rs.30 per warrant inclusive of premium of Rs.20 per warrant amounting to Rs.2,04,90,000/- in accordance with SEBI (DIP) Guidelines,2000.

15. Necessary disclosures required under the Micro, Small and Medium Enterprises Development Act,2006, can only be considered once relevant information to identify the suppliers who are covered the said Act are received from such parties/suppliers.

16. Additional information pursuant to provisions of Part – II, schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

17. The Company has acquired 100% shares of M/s.Rathi Rajasthan Steel Mills Limited and resolution has been

passed by Board of Directors on dated 24th September, 2007. M/s. Rathi Rajasthan Steel Mills Limited is setting up a plant for manufacture of superior quality reinforcement CTD/TMT bars and wire roads etc. with an installed capacity of 75,000 TPA. The erection and commission work has been completed and the commercial production is started in May, 2009.

As per our report of even date

For A.K. Maheshwari & Associates
Chartered Accountants

(Anand Maheshwari)
Proprietor

(Raj Kumar Rathi)
Managing Director

(Sandesh Jain)
Director

(S.Biswas)
Chief Financial Officer

(Amit Narayan)
Company Secretary

Place : New Delhi

Date : 4th September, 2009

AUDITOR'S REPORT

The Members of

Rathi Rajasthan Steel Mills Limited

1. We have audited the attached Balance Sheet of **M/S Rathi Rajasthan Steel Mills Limited** as at 31st March, 2009 and the Statement of Pre-operative Expenses 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.
2. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 1 above, we report that :
 - a) We have obtained all the information and the explanation, which to the best of our knowledge and belief were necessary for the purpose 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 books.
 - c) The Balance Sheet and the Pre-operative Expenses dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet and The Pre-operative Expenses dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- e) On the basis of written representations received from the Directors of the Company as at 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March, 31, 2009 from being appointed as director of the company under 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 explanation given to us, the said accounts read together with the significant accounting policies and notes forming part of the accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
 - (1) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2009; and
 - (2) In the case of the Pre-Operative Expenses, of the expenses for the year ended on that date.

For **Ramesh Gupta & Co.**

Chartered Accountants

(Manoj Gupta)

Proprietor

M.No.87361

Place: New Delhi

Date: 29th August, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNT OF M/S. RATHI RAJASTHAN STEEL MILLS LIMITED FOR THE YEAR ENDED ON 31ST MARCH, 2009

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available. According to the information and explanations given to us, 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 the assets. No material discrepancies were noticed on such verification.
Fixed Assets disposed off during the year were not substantial and hence the disposal has not affected the going concern concept of the Company.
2. As explained to us, there is no stock in trade.
3. According to the information and explanations given to us, the Company has taken interest free unsecured

- loans from Nine parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amounts outstanding during the year against the said loans were Rs.718 Lacs. There were no terms and conditions stipulated in this respect.
4. According to the information and explanations given to us, no loans or advances in the nature of loans have been granted to the Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 except advances to staff where the company has not charged any interest and no conditions have been stipulated as regards the payment of interest and repayment of principle amount.
 5. 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 fixed assets. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control.
 6. As explained to us, there has not been any transaction during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding during the year to Rs. 5,00,000/- or more in respect of each such party.
 7. The Company has not accepted any deposits from the public within the purview of Section 58A & 58AA of the Companies Act, 1956.
 8. The Company has adequate Internal Audit system which in our opinion, is commensurate with the size of the Company and the nature of its business.
 9. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any products of the Company.
 10. According to the information and explanations given to us, there are no disputed statutory dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, cess which are outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable. There are no disputed statutory liabilities payable during the year.
 11. According to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank.
 12. The Company is not a Chit fund, Nidhi or mutual benefit society. Hence, the requirements of item (xiii) of paragraph 4 of the Order is not applicable to the Company.
 13. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
 14. As per the information and explanations given to us, the term loan has been applied for the purpose for which it is raised.
 15. According to the information and explanations given to us, 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.
 16. In our opinion and according to the intimation and explanations given to us, the Company is not dealer or trader in securities.
 17. According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investment. Hence paragraph no.XIV of the order is not applicable to the Company.
 18. The Company has not issued any debentures during the year. Hence, the requirements of clause (xix) of paragraph 4 of the Order is not applicable to the Company.
 19. As explained to us, the company has not made any public issue during the year.
 20. According to the information and explanations given to us, a fraud on or by the Company has not been noticed or reported during the year.

For Ramesh Gupta & Co.
Chartered Accountants

(Manoj Gupta)
PRORIETOR
M No.87361

Place: New Delhi
Date: 29th August, 2009

Rathi Rajasthan Steel Mills Limited
Balance Sheet As at 31st March, 2009

(Amount in Rs.)

	SCHEDULE	31.03.2009	31.03.2008
SOURCES OF FUNDS			
SHARE HOLDER'S FUNDS			
Share Capital	1	54000000	54000000
Share Application Money		101583904	21632169
SECURED LOAN			
From Bank	2	243518627	0
UNSECURED LOANS			
From Corporates & Others	3	1322831	5432779
TOTAL		400425362	81064948
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	49673360	38780554
Less Depreciation		0	0
Capital Work-in-Progress		251068866	27576174
Investment		3000	3000
CURRENT ASSETS, LOANS & ADVANCES			
i Cash & Bank Balances	5	82652	1442874
ii Loans & Advances	6	84643060	19866563
		84725712	21309437
Less : Current Liabilities & Provisions	7	13992360	10403294
Net Current Assets		70733352	10906143
MISCELLANEOUS EXPENDITURE			
To the extent not written off)			
Preliminary Expenses	8	140492	51242
Pre-Operative Expenses:	9		
Opening Balance		3747835	1652856
Add : Pre-operative Expenses during the year		25058457	2094979
Significant Accounting Policies & Notes on Accounts	10		
TOTAL		400425362	81064948

As per our separate report of even date attached

For Ramesh Gupta & Co.
Chartered Accountants

(Raj Kumar Rathi)
Director

(Saurabh Rathi)
Director

(Manoj Gupta)
PROPRIETOR
M.NO.87361

(Kamla Kant Singh)
Director

Place: New Delhi
Date: 29th August, 2009

Rathi Rajasthan Steel Mills Limited
Balance Sheet As at 31st March, 2009

(Amount in Rs.)

	31.03.2009	31.03.2008
<u>SCHEDULE-01</u>		
SHARE CAPITAL		
<u>AUTHORISED</u>		
6000000 Equity share of Rs.10/- each (Previous year 6000000 Equity share of Rs. 10/- each)	60000000	60000000
<u>ISSUED, SUBSCRIBED, CALLED & PAID UP</u>		
5400000 Equity Shares of Rs.10/- each called & fully paid up (Previous year 5400000 Equity share of Rs.10/- each called & full paid up)	54000000	54000000
	<u>54000000</u>	<u>54000000</u>
<u>SCHEDULE-02</u>		
LOAN FUNDS		
<u>UNSECURED LOANS</u>		
From Corporates	148153453	0
From Directors	95365174	0
	<u>243518627</u>	<u>0</u>
NOTES :		
1. The Term loan from State Bank of India is covered by first hypothecation charge by covering entire Fixed Assets of the Company. Collateral Security by extending of 2nd charge over Company's entire current assets.		
2. The Term Loan is further secured by personal gurantees of Two directors and 2.00 Cr Fixed deposit which would be substituted by a tangible collateral security of similar worth subsequently.		
<u>SCHEDULE-03</u>		
<u>UNSECURED LOANS</u>		
From Corporates	0	1047848
From Others	1322831	4384931
	<u>1322831</u>	<u>5432779</u>

RATHI RAJASTHAN STEEL MILLS LIMITED

SCHEDULE-04
(Amount in Rs.)

FIXED ASSETS

ASSETS	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 01.04.2008	Addition	Adjustment / Disposal	As at 31.03.2009	UPTO 31.03.2008	For the Period	Dep. Adjusted	TOTAL 31.03.2009	As at 31.03.2009	As at 31.03.2008
Leasehold Land and development	38780554	10892806	0	49673360	0	0	0		49673360	38780554
Total	38780554	10892806	0	49673360	0	0	0	0	49673360	38780554
Previous Year Ended on 31.03.2008	35985547	2795007	0	38780554	0	0	0	0	38780554	35985547

Capital Work in Progress

ASSETS	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 01.04.2008	Addition	Adjustment / Disposal	As at 31.03.2009	UPTO 31.03.2008	For the Period	Dep. Adjusted	TOTAL 31.03.2009	As at 31.03.2009	As at 31.03.2008
Borewell	7340			7340					7340	7340
Building under Cons.	21094040	78973541		100067581					100067581	21094040
Ellectric Installation	181188	21045535		21226723					21226723	181188
Plant & Machinery	6160806	122389233		128550039					128550039	6160806
Tubewell	132800			132800					132800	132800
Computer		744009		744009					744009	0
Furniture & Fixture		232553		232553					232553	0
Office Equipment		107821		107821					107821	0
TOTAL	27576174	223492692		251068866	0	0	0	0	251068866	27576174
Previous Year Ended on 31.03.2008	148900	27427274	0	27576174	0	0	0	0	27576174	148900

Rathi Rajasthan Steel Mills Limited
Balance Sheet As at 31st March, 2009

(Amount in Rs.)

	31.03.2009	31.03.2008
CASH & BANK BALANCES		SCHEDULE 05
Cash in Hand	31626	169901
Cash at Bank with Scheduled Bank		
Bank of Baroda	0	1242311
State Bank of India-Indore	30026	9662
Punjab National Bank	21000	21000
	<u>82652</u>	<u>1442874</u>
LOANS & ADVANCES		SCHEDULE 06
(Unsecured & Considered good)		
Advances Recoverable in Cash or in kind or for value to be received	3362	2547
Cenvat Recoverable	22499962	2004860
Vat Recoverable	2421588	726569
Security Deposit-RSEB	4665428	98428
Staff Advance	27400	0
Advance against Capital Goods	54956826	17034159
Prepaid Expenses	68494	0
	<u>84643060</u>	<u>19866563</u>
CURRENT LIABILITIES & PROVISIONS		SCHEDULE 07
CURRENT LIABILITIES		
Sundry Creditors-Capital Goods	12643453	9755084
Sundry Creditors-Other	425813	537023
Liabilities for Expenses	646352	25173
Statutory Payable	276742	86014
	<u>13992360</u>	<u>10403294</u>
MISCELLANEOUS EXPENDITURE		SCHEDULE 08
(To the extent not written off or adjusted)		
Preliminary Expenses	140492	51242
	<u>140492</u>	<u>51242</u>

Rathi Rajasthan Steel Mills Limited
Balance Sheet As at 31st March, 2009

(Amount in Rs.)

	31.03.2009	31.03.2008
SCHEDULE 8		
PRE-OPERATIVE EXPENSES		
(Pending Allocation/Capitalisation)		
Administrative Expenses:		
Salary & Wages	1821462	157635
Audit Fees	15000	15000
Conveyance Expenses	36100	3045
Donation	37561	11000
Fees & Subscription	454480	10000
Electricity & water exp	32867	62777
Employee Welfare Exp.	3841	
Freight & cartage charges	146076	10560
General Expenses	3210	18490
Garden Upkeeping	26390	
Hire Charges	9066	
Insurance Expenses	271213	
Legal & Professional Expenses	397634	1262150
Licence Fees	261236	
Postage and Telegram	579	163
Telephone Charges	11124	4490
Power & Fuel Exp.	1849361	398172
Printing & Stationery	31988	4964
Preliminary Expenses written off		13748
Pooja Expenses	11404	
Rates & Taxes	308686	2700
Rent	117000	96000
Repair and Maintance (O)	11285	12850
Stores & Spare	114652	
Travelling Expenses (Director)	353556	
Travelling Exp (Others)	83549	
Unloading Charges	4710	1200
Weghing Charges	10760	710
Interest and Finance Charges		
Bank Charges	112894	9327
Banking Cash Transaction Tax	1000	
Interest on Term Loan	14832541	
Processing Fees	2950000	
Interest on Term Loan-FCNRB	733924	
Interest on TDS & Service Tax	3308	
Total	25058457	2094981
Less : written off	0	2
	25058457	2094979

SCHEDULE-10**Rathi Rajasthan Steel Mills Limited**

7	Shri Raj Kr Rathi	Director	Unsecured Loan	3062100	NIL
8	Shri Saurabh Rathi	Director	Unsecured Loan	100000	NIL

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**A) SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

- a) The financial statements of the Company are prepared under the historical Cost Convention using Accrual Method of Accounting.
- b) The financial statements have been prepared in accordance with the mandatory Accounting Standards and relevant presentation requirements of the Companies Act, 1956.

2. FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less depreciation. Depreciation on fixed assets is provided on the basis of WDV method at the rate prescribed in Schedule XIV of the Company Act, 1956. Preoperative expenses are being kept pending to allocate to fixed assets as and when the same are capitalized.

3. INVESTMENT

Investments are taken at cost.

4. PRELIMINARY EXPENSES

1/5th of such expenses have been charged to Pre-operative Expenses and pending for capitalization.

B) NOTES ON ACCOUNTS**1. Contingent Liabilities not provided for:**

i) Letter of Credit established in favour of the suppliers for import of raw materials Rs. Nil (Previous Year Rs. Nil).

2. All unsecured loans, liabilities, Loans & advances and security deposits are interest Free and subject to balance confirmation and reconciliation, if any. The management Feels that there is no need of further providing for interest in the accounts.
3. Capital commitment is amounting to Rs.1074.40 Lacs towards land development, Factory Building and Shed, Plant and Machinery and Misc.Fixed Assets.
4. Provision for Provident Funds Act and Gratuity Act are applicable to the Company.
5. Sundry Debtors, Sundry Creditors, Security Deposits and payable accounts are subject to reconciliation and confirmations with respective parties.
6. In the opinion of the Management all the current assets are realizable at the stated value.
7. As per information available with management none of the creditors fall within the SSI category.

8. Payment to Auditors

	Current Year	Previous Year
For Statutory Audit	<u>Rs.15000.00</u>	<u>Rs.15000.00</u>
	<u>Rs.15000.00</u>	<u>Rs.15000.00</u>

9. Related party transactions:

Sr. No.	Name of the Party	Relationship	Nature of Transaction	Transaction amount	Outstanding as on 31.3.2009
1	Alpha Stock Fin services Pvt.Ltd.	Shri Raj Kumar Rathi is a Director	Unsecured Loan	6000000	Nil
2	Rathi Graphic Technologies Limited	Shri Raj Kurma Rathi is a Managing Director	Unsecured Loan	53663480	Nil
3	Rathi Iron And Steel Industries Ltd.	Relative of Director	Unsecured Loan	1500000	Nil
5.	Shark Packaging (I) Pvt.Ltd.	Shri Raj Kumar Rathi is a Director	Unsecured Loan	8500000	Nil
6	Shri Punam Chand Rathi	Relative of Director	Unsecured Loan	1322831	1322831

NOTE:

Schedule 1 to 10 form an integral part of the Balance Sheet with the Auditor's Report.

Previous year figures have been regrouped / rearranged wherever necessary.

10. Balance Sheet Abstract and Company's General Business Profile as per Part III of Schedule VI of the Act.**1. Registration Details :**

Registration No.	130509
State Code	55

Balance Sheet	DD	MM	YY
	31	03	2009

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

3. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
400425	400425

Source of Funds

Paid-up Capital	Share Application Money
54000	101583

Secured Loans	Unsecured Loans
243518	1322

Application of Funds

Net Fixed Assets	Investments
300742	3

Net Current Assets	Preliminary & Pre-operative Expenses
70733	28946

Deferred Tax Assets	Accumulated Losses
Nil	Nil

4. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
Nil	Nil

Profit before Tax	Profit after Tax
Nil	Nil

Earning Per Share in Rs.	Dividend
Nil	Nil

5. Generic Names of Principal Products / Services of Company (As per monetary terms)

Item Code No.

(ITC Code)

Product Description :

For Ramesh Gupta & Co.. Chartered Accountants

(Manoj Gupta)	(Raj Kumar Rathi)	(Saurabh Rathi)	(Kamla Kant Singh)
Proprietor	Director	Director	(Director)
M.No.87361			
Place : New Delhi			
Date:29th Aug,2009			

RATHI GRAPHIC TECHNOLOGIES LIMITED
 Regd. Off. : A-3, Industrial Area, South of G.T. Road, Ghaziabad (U.P.)

Attendance Slip

Folio No.	
No. of Equity Shares Held	

I hereby record my presence at the XVIth Annual General Meeting of the Company being held at A-3, Industrial Area, South of G.T. Road, Ghaziabad (U.P.) on Tuesday the 29th September, 2009 at 10.00 a.m.

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

Signature of the Shareholder/Proxy/Authorised Representative

- Note :
1. A member / proxy / authorised 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

XVIth AGM

RATHI GRAPHIC TECHNOLOGIES LIMITED
 Regd. Off. : A-3, Industrial Area, South of G.T. Road, Ghaziabad (U.P.)

I/We of
 being a member/members of Rathi Graphic Technologies Limited 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 XVIth Annual General Meeting of the Company to be held on the 29th September, 2009 at 10.00 a.m. and at any adjournment thereof.

Signed this day of 2009

Folio No.
No. of Equity Shares Held

Revenue Stamp

Signature(s)

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.

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A-3, Industrial Area,
South of G.T. Road, Ghaziabad (U.P.)
