



## RATHI INDUSTRIES LTD.

### BOARD OF DIRECTORS

Mr. Sangram Singh  
Mr. Vinay Rathi  
Mr. Vikas Rathi  
Mr. Abhishek Bhatler  
Ms. Sangeeta Garg  
Mr. Ghanshyam Tiwari

**CIN : L74899DL1991PLC046570**

### CHIEF FINANCIAL OFFICER

Mr. Vinay Rathi

### COMPANY SECRETARY

Mr. Parveen Sharma

### REGISTERED OFFICE

A-24/6, Mohan Co-operative Industrial Estate  
Mathura Road, New Delhi-110044  
Phone No.: 011-46569307, Fax No.: 011-46569307  
E-mail id : rathiindustriesltd@rediffmail.com  
Website : www.rathistelmax.com

### CORP. OFFICE/WORKS

G.T.Road, Chhapraulla,  
Gautam Budh Nagar (U.P.)-201009  
Phone No.: 0120-4032800, Fax : 0120-4032841

### BANKERS

The Jammu & Kashmir Bank, Connaught Circus, New Delhi.  
Bank of Baroda, Parliament Street, New Delhi.

### STATUTORY AUDITORS

Gupta Verma & Sethi  
(Chartered Accountants)  
304, Delhi Chamber,  
3453, Delhi Gate, New Delhi-110 002

### SHARE TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.  
D-153A, Okhla Industrial Area, Phase-1,  
New Delhi-110020  
Phone No.: 011-26812682, Fax No.: 011-30857562  
E-mail : suchitra@skylinerta.com  
Website : www.skylinerta.com

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## RATHI INDUSTRIES LTD.

### NOTICE

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the shareholders of Rathi Industries Limited will be held on Thursday, the 31<sup>st</sup> day of December, 2020 at 3.00 p.m at its registered office situated at A-24/6, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi-110044 to transact the following businesses:

#### **(A) ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company as at 31<sup>st</sup> March, 2020 together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vinay Rathi (DIN: 00137502), who retires by rotation and being eligible, offers himself for re-appointment.

#### **(B) SPECIAL BUSINESS:**

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and such other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Avnesh Jain & Co. Cost Accountants, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March 2021, be paid a remuneration of Rs. 35,000/- (Rupees Thirty Five Thousands only) including Taxes as applicable in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by the said Auditors in connection with the audit, as recommended by the Audit Committee and approved by the Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to above Resolution.”

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

“RESOLVED THAT pursuant to provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act,2013 and Companies ( Appointment and Qualification of Directors ) Rules, 2014 (including any statutory modification(s) or re-enactment for the time being in force ) and as per applicable Regulations and schedules of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 the consent of the members be and are hereby accorded for regularization of appointment of Ms. Mona Gupta (DIN: 08893032) from additional Independent Director to Independent Director not be liable to retire by rotation, as recommended by Nomination and Remuneration Committee and Board of Directors, on the basis of the performance evaluation, to hold office for a period of five years w.e.f. 15<sup>th</sup> September, 2020 and who has submitted a declaration that she meets the criteria of independence as provided under Section 149(6) of the Act.

**RESOLVED FURTHER THAT**, the Board of Directors of the Company be and are hereby



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severally and jointly authorized to sign the requisite forms / documents and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 185 and all other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Amendment) Act, 2017 and Rules made thereunder, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, and subject to such other consents, permissions, approvals, as may be required in this behalf, the approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any entity which is a subsidiary or associate or joint venture of the Company or any other person in whom any of the Directors of the Company is interested/deemed to be interested, up to limits approved by the shareholders of the Company u/s 186 of the Companies Act, 2013, from time to time, in their absolute discretion as may be deemed beneficial and in the interest of the Company, provided that such loans are utilized by the borrowing company for its principal business activities.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file necessary returns/ forms with the Registrar of Companies and to do all such acts, deeds and things as may be considered necessary, incidental and ancillary in order to give effect to this Resolution.”

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, including any statutory modification(s) thereto or reenactment(s) thereof, for the time being in force, and in accordance with the Articles of Association of the Company, and subject to such other approvals, consents, sanctions and permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to pledge, mortgage, hypothecate and/or charge all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of banks, financial institutions, investors and any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed Rs. 200 Crores (Rupees Two Hundred Crores) at any point of time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file necessary returns/ forms with the Registrar of Companies and to do all such acts, deeds and things as may be considered necessary, incidental and ancillary in order to give effect to this



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Resolution.”

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT the Board of Directors of the Company do borrow money from banks/financial institutions and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions of the Companies Act, 2013, and the Rules made there under, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, and in accordance with the Articles of Association of the Company, and subject to such other approvals, consents, sanctions and permissions, as may be necessary.

RESOLVED FURTHER THAT consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum or sums of money from banks/financial institutions or any other person, firms or body corporate, whether by way of cash credit, advance or deposits, loans, debentures or bill discounting or otherwise, whether secured or unsecured, as they may deem fit notwithstanding however, that the total borrowings exceed the aggregate of paid-up capital and free reserves of the company, provided however that the aggregate of amounts so borrowed and outstanding at any one time (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not exceed an amount of Rs. 200 Crores (Rupees Two Hundred Crores) exclusive of interest.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file necessary returns/ forms with the Registrar of Companies and to do all such acts, deeds and things as may be considered necessary, incidental and ancillary in order to give effect to this Resolution.”

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 186 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, and subject to such other consents, permissions, approvals, as may be required in that behalf, the approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to (i) give any loan to any person or other body corporate; (ii) give any guarantee or provide any security in connection with a loan to any other body corporate or person and (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, as they may in their absolute discretion deem beneficial and in the interest of the Company, subject however that the aggregate of the loans and investments so far made in and the amount for which guarantees or securities have so far been provided to all persons or bodies corporate along with the additional investments, loans, guarantees or securities proposed to be made or given or provided by the Company, from time to time, in future, shall not exceed a sum of Rs. 200 Crores (Rupees Two Hundred Crores only) over and above the limit of 60% of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is more, as prescribed under Section 186 of the Companies Act, 2013.



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RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file necessary returns/ forms with the Registrar of Companies and to do all such acts, deeds and things as may be considered necessary, incidental and ancillary in order to give effect to this Resolution.”

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, Mr. Ghanshyam Tiwari (DIN: 02466896), who was appointed as an Independent Director of the Company to hold office for a period of 5 (five) consecutive years up to 15<sup>th</sup> August, 2021 and, being eligible offered himself for reappointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years from 16<sup>th</sup> August, 2021 up to 15<sup>th</sup> August, 2026.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file necessary returns/ forms with the Registrar of Companies and to do all such acts, deeds and things as may be considered necessary, incidental and ancillary in order to give effect to this Resolution.”

By order of the Board of Directors  
For **Rathi Industries Limited**

**Place: New Delhi**  
**Date: 07<sup>th</sup> December, 2020**

Sd/-  
**Sangram Singh**  
**(Whole Time Director)**  
**DIN: 01188132**

**NOTES:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote on a poll instead of himself/herself and the proxy need not be a member of the company.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Provided that a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. The proxies in order to be effective must be received at the company's registered office at A-24/6,



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Mohan Co-operative Indl. Estate, Mathura Road, New Delhi-110044 not less than 48 hours before the time fixed for the meeting. The proxy form and admission slip are enclosed.

4. A proxy shall not have right to speak at AGM and shall not be entitled to vote except on poll.
5. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special businesses at items No. 3 to 9 is annexed.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from 23.12.2020 to 31.12.2020 (both days inclusive) in terms of Section 91 of the Companies Act, 2013.
7. Equity Shares of the Company are under compulsory demat trading by all investors. Those shareholders, who have not dematerialized their shareholding, are advised to dematerialize the same to avoid any inconvenience in future.
8. All documents referred to in the accompanying notice are available for inspection by the members at the registered office of the Company during normal business hours 9.30 a.m. to 6.00 p.m. on all working days, except Saturdays till the date of AGM.
9. Members are requested to send their queries, if any, to reach the company's Registered office at least 10 days before the date of AGM, so that, information can be made available at the meeting.
10. Copies of Annual Report 2020 and the notice of 28<sup>th</sup> AGM are being sent by electronic mode to all members whose email addresses are registered with the company/RTA, unless a member has requested for a hard copy of the same.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of KYC Documents by every participant in securities market. Members are requested to submit their KYC details to the Company/ Registrars and Transfer Agents (RTA), M/s Skyline Financial Services Pvt. Ltd.
12. In terms of sections 101 and 136 of the Act, read with the rules made thereunder, the listed companies may send the notice of AGM and the annual report, including financial statements, boards' report, etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars, SEBI Circular dated 12 May 2020, Notice of 28<sup>th</sup> AGM along with the Annual Report for FY2020 is being sent only through electronic mode to those members whose email addresses are registered with the Company/depositories. Members may note that the Notice and Annual Report for FY2020 will also be available on the Company's website at [www.rathistelmax.com](http://www.rathistelmax.com) and website of the stock exchange i.e., Metropolitan Stock Exchange India Limited at [www.msei.in](http://www.msei.in).
13. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the rules framed thereunder and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e- Voting services provided by Skyline Financial Services Private Limited on all the resolutions set forth in the Notice.
14. Shareholders having multiple folios are requested to write to the RTA for consolidation of the Folios to save the administrative or servicing cost.





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15. In pursuant to Section 72 of the Companies Act, 2013, Shareholders holding shares in the company, singly or jointly, may nominate in the prescribed manner, a person to whom all the rights in the shares of the Company shall vest in the event of death of the sole/ all joint shareholders. Shareholders may send their nomination in the prescribed form, duly filled in, to the Company.

### **Explanatory Statement Pursuant to Section 102(1) of the Companies Act, 2013**

#### **ITEM NO. 3**

The Board has, at the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Avnesh Jain & Co., Cost Accountants (Firm Registration No. 101048) to conduct the audit of the Cost records of the Company for the financial year ending 31<sup>st</sup> March, 2020. In terms of section 148 and other applicable provisions, if any of the Companies Act, 2013 and the rules made there under, the remuneration payable to Cost Auditors has to be approved/ratified by the shareholders of the Company.

In light of above, you are requested to accord your approval to the Ordinary Resolution as set out at Agenda Item No. 3 of the accompanying Notice.

None of Directors and Key Managerial Personnel of the Company and their relatives has any concern or interest, financial or otherwise in the proposed resolution.

#### **ITEM NO. 4**

Ms. Mona Gupta (DIN: 08893032) was appointed as an Additional Independent Director of the Company by the Board on the recommendation of Nomination & Remuneration Committee in their meeting held on 15<sup>th</sup> September, 2020, with effect from 15<sup>th</sup> September, 2020. In accordance with provisions of section 161 of the Companies Act, 2013 and applicable SEBI (LODR) Regulation, 2015, she will hold office up to the date of the Annual General Meeting of the Company.

Ms. Mona Gupta (DIN: 08893032) is not disqualified from being appointed as Directors in terms of Section 164 of the Act. As per the recommendation of Nomination and Remuneration Committee and based on the performance evaluation, the Board is considering the regularization of appointment of Ms. Mona Gupta (DIN: 08893032) from Additional Independent Director to Independent Director of the Company for a period of five years w.e.f. 15<sup>th</sup> September, 2020. The Company has also received a declaration from Ms. Mona Gupta (DIN: 08893032) declaring that she meets the criteria of independence as provided under Section 146(9) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015.

In the opinion of the Board Ms. Mona Gupta (DIN: 08893032) fulfills the conditions required to be fulfilled for being appointed as an Independent Director of the Company as per the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015. The Board places the above resolution before the Members for their approval as being the Ordinary Resolution.

#### **ITEM NO. 5**

As per the provisions of Section 185 of the Companies Act, 2013, no company shall, directly or indirectly, advance any loan including any loan represented by a book debt, to any of its Directors or to





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any other person in whom the Director is interested or give any guarantee or provide any security in connection with any loan taken by him or such other person. However, in order to promote ease of doing business, the entire Section 185 of the Companies Act, 2013 has been substituted vide Companies (Amendment) Act, 2017 and the same was notified by the Ministry of Corporate Affairs on 7th May, 2018. In terms of the amended Section 185 of the Act, a company may advance any loan, including any loan represented by a book debt, to any person in whom any of the Directors of the Company is interested or give any guarantee or provide any security in connection with any loan taken by any such person, subject to the condition that approval of the shareholders of the Company is obtained by way of passing a Special Resolution and requisite disclosures are made in the Explanatory Statement. The management is of the view that the Company may be required to invest surplus funds, if available in its associate Companies or to any other body corporate(s) in which the Directors of the Company are interested, as and when required. Hence, as an abundant caution, the Board decided to seek approval of the shareholders pursuant to the amended provisions of Section 185 of the Act; to advance any loan, including any loan represented by book debt, to its subsidiary company(ies) or other body corporate(s) in whom any of the Directors of the Company is interested or to give guarantee or provide any security in connection with any loans/ debentures / bonds etc. raised by its subsidiary company(ies) or other body corporate(s) in whom any of the Directors of the Company is interested up to an aggregate amount of approved by the shareholder of the Company under Section 186 of the Company Act, 2013 over and above the limit of 60% of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is more.

The Board of Directors recommends resolution as set out in item No. 5 for approval of the members of the Company by way of passing a Special Resolution. None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company as contemplated in the provisions of Section 102 of the Companies Act, 2013 is, in any way, financially or otherwise, concerned or interested in the resolution.

### ITEM NO. 6 & 7

In accordance with the provisions of Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, the following powers can be exercised by the Board of Directors with the consent of the company by a Special Resolution: To pledge, mortgage, hypothecate and/or charge all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company; To borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed the aggregate of the Company's paid-up share capital and free reserves and securities premium, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except. The Board is of the view that in order to further expand the business activities of the Company and for meeting the expenses for capital expenditure, the Company may be further required to borrow money, either secured or unsecured, from the banks/financial institutions/other body corporate, from time to time, and to pledge, mortgage, hypothecate and/or charge any or all of the movable and immovable properties of the Company and/or whole or part of the undertaking of the Company. The Board of Directors of the Company proposes to increase the limits to borrow money upto Rs. 200 Crores (two hundred crores) and to secure such borrowings by pledging, mortgaging, hypothecating the movable or immovable properties of the Company amounting up to Rs. 200 Crores (two hundred crores). It is, therefore, required to obtain fresh approval of members by Special Resolution under Sections 180(1)(a) and 180(1)(c) of the Companies Act, 2013, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company and to create charge on the assets over the Company under the Companies Act, 2013. None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or



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interested, financial or otherwise, in the said resolutions. The Board recommends the Special Resolution set out at Item No. 6 & 7 of the Notice for approval by the Members.

### ITEM NO. 8

Pursuant to the provisions of Section 186(2) of the Companies Act, 2013 ('Act'), the Company shall not directly or indirectly: - (a) give any loan to any person or other body corporate; (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty percent of its paid-up share capital, free reserves and securities premium account or one hundred percent of its free reserves and securities premium account, whichever is higher. Pursuant to the provisions of Section 186(3) of the 'Act', where the giving of any loan or guarantee or providing any security or the acquisition of securities exceeds the limits specified in Section 186(2) of the 'Act', prior approval by means of a Special Resolution passed at a General Meeting is necessary. In terms of Rule No.11(1) of the Companies (Meeting of Board and its Powers) Rules ('Rules'), where a loan or guarantee is given or security has been provided by a company to its wholly-owned subsidiary or a joint venture, or acquisition is made by a holding company, by way of subscription of securities of its wholly-owned subsidiary, the requirement of Section 186(3) of the 'Act' shall not apply, however it will be included for the purpose of overall limit. In the normal course of business, the Company may be required to give loans or guarantees or make investments in excess of the limits specified in Section 186(2) of the 'Act'. Accordingly, it is proposed to seek prior approval of Members vide an enabling Resolution to provide loans, guarantees and make investments up to a sum of Rs. 200 crores (Two hundred crores) over and above the aggregate of free reserves and securities premium account of the Company at any point of time. None of the Directors or Key Managerial Personnel of the Company (including relatives of Directors and Key Managerial Personnel) is in any way, whether financially or otherwise, concerned or interested, in the said resolution.

### ITEM NO. 9

Mr. Ghanshyam Tiwari (DIN: 02466896), was appointed as Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Listing Regulations as per SEBI (LODR) 2015. He holds office as Independent Director of the Company up to 15<sup>th</sup> August, 2021 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act). The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of highly satisfactory performance evaluation of Ms. Ghanshyam Tiwari as an Independent Director, has recommended her re-appointment as an Independent Director for a second term of 5 (five) consecutive years from 16<sup>th</sup> August, 2021 up to 15<sup>th</sup> August, 2026 on the Board of the Company.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution except Mr. Ghanshyam Tiwari. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval by the Members.



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**Details of the Director proposed to be appointed/ re-appointed/ regularize at the forthcoming Annual General Meeting.**

| <b>Name of Director</b>   | <b>Mona Gupta</b>  | <b>Ghanshyam Tiwari</b>  |
|---|--|--|
| Date of Birth   | 20/12/1991   | 20/03/1973   |
| Date of appointment   | 15/09/2020   | 16/08/2016   |
| Qualification   | Post Graduate  | Graduate   |
| Experience  | Having experience in the field of law, compliance and corporate governance | Having experience in the field of sales/marketing, Relation Management |
| Directorship held in other companies  | 0  | 0  |
| Chairman/member of the Committee of the Board of Directors of the Company   | 4  | 2  |
| Chairman/member of the Committee of the Board of Directors of other Company | 0  | 0  |
| Number of Shares held in the Company  | 0  | 0  |
| Relationship with other Directors   | Nil  | Nil  |

By order of the Board of Directors  
For **Rathi Industries Limited**

**Place: New Delhi**  
**Date: 07<sup>th</sup> December, 2020**

**Sd/-**  
**Sangram Singh**  
**(Whole Time Director)**  
**DIN: 01188132**



## RATHI INDUSTRIES LTD.

### DIRECTOR'S REPORT

To the Members,  
**Rathi Industries Limited**

Your Company's Directors are pleased to present before you the 28<sup>th</sup> Annual Report together with the Audited Financial Statements of your Company for the financial year ended 31<sup>st</sup> March, 2020.

#### 1. FINANCIAL PERFORMANCE

| Particulars                                      | 2019-20         | (Rs. in Lacs)<br>2018-19 |
|--|-----------------|--------------------------|
| Sales  | <b>68465.30</b> | 94079.25                 |
| Profit/(Loss) before Depreciation                | <b>1163.67</b>  | 1183.75                  |
| Less: Depreciation                               | <b>541.85</b>   | 642.74                   |
| Operative Profit/(Loss) before exceptional items | <b>621.82</b>   | 541.01                   |
| Less: Exceptional Items                          | <b>357.97</b>   | 0.00                     |
| Profit/(Loss) before tax                         | <b>263.85</b>   | 541.01                   |
| Less: Provision for Income Tax/MAT               | <b>45.28</b>    | 111.38                   |
| Deferred Tax                                     | <b>92.46</b>    | 22.23                    |
| Net Profit/(Loss) after Tax                      | <b>126.12</b>   | 407.40                   |
| Other Comprehensive Income                       | <b>0.00</b>     | 0.00                     |
| Total comprehensive income for the year          | <b>126.12</b>   | 407.40                   |

#### 2. FINANCIAL REVIEW

During the year the Company has achieved sales turnover of Rs. 68,465.30 Lacs. There is slightly decrease in Sales Turnover as compared to previous year's sales turnover of Rs. 94079.25 Lacs due to the Impact of Covid-19 on the worldwide economy. Your Company has also registered the profit before tax of Rs. 263.85 Lacs as compared to previous year profit before tax of Rs. 541.01 Lacs.

#### 3. FUTURE OUTLOOK

The COVID-19 pandemic has severely affected economies and industries globally and the steel industry is no exception. Therefore, outlook for the steel industry includes scenarios regarding the pandemic's speed of propagation, possible recurrence, near-term impact of measures being taken to contain the outbreak, and the effectiveness of the stimulus announced by the Governments of various nations.

#### 4. DIVIDEND

In order to preserve the resources, your Directors do not recommend any dividend for the current financial year.

#### 5. HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

Your company has complied with all the applicable environmental and labour laws. The company has been taking all necessary measures to protect the environment and maximize health protection



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and safety of workers.

### **6. ISO CERTIFICATION**

Your Company is an **ISO 9001:2000 & 14001** certified Company, which is internationally recognized for the production, control and other qualities.

### **7. SHARE CAPITAL**

The Company has not issued any equity shares, sweat equity shares or employee stock option during the year.

### **8. EXTRACT OF THE ANNUAL RETURN**

In terms of provisions of Section 92(3) of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014, an extract of the Annual Return of your Company for the financial year ended 31<sup>st</sup> March, 2020 is enclosed as Annexure-1 to this Report.

### **9. NUMBER OF MEETINGS OF THE BOARD**

During the year under review, The Board duly met 4 times in financial year 2019-20. The intervening gap between two consecutive Board Meetings was within the period prescribed under the Companies Act, 2013.

### **10. CHANGE IN THE NATURE OF BUSINESS, IF ANY**

During the year your Company has not changed the nature of its business.

### **11. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF REPORT**

There is no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### **12. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has in place adequate internal control systems commensurate with the size of its operations. Internal control systems comprising of policies and procedures are designed to ensure sound management of your company's operations, safekeeping of its assets, optimal utilization of resources, reliability of its financial information and compliance. Clearly defined roles & responsibilities have been instituted.

### **13. MATERIAL ORDERS BY GOVERNING AUTHORITIES**

There were no significant or material orders passed by any governing authority of the Company including regulators, courts or tribunals which could impact the going concern status and Company's operations in future.



## **RATHI INDUSTRIES LTD.**

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### **14. STATUTORY AUDITORS**

The members are informed that pursuant to the provisions of Section 139 read with the Companies (Audit and Auditors) Rules, 2014, M/s. Gupta Verma & Sethi, Chartered Accountants (FRN: 002605N) was appointed as Statutory Auditor for the term of five years i.e. from the conclusion of 25<sup>th</sup> Annual General Meeting till conclusion of 30<sup>th</sup> Annual General Meeting.

In view of above, M/s. Gupta Verma & Sethi, Chartered Accountants will be the Statutory Auditor of the Company from the conclusion of 28<sup>th</sup> Annual General Meeting till the conclusion of 29<sup>th</sup> Annual General Meeting. M/s. Gupta Verma & Sethi, Chartered Accountants has expressed its willingness to act as Statutory Auditor of the Company and has provided the requisite documents as required under the Act.

### **15 COST AUDITORS**

In pursuance of Section 148 of the Companies Act, 2013, the Board of Directors of the company has on the recommendation of the Audit Committee, approved the appointment of M/s. Avnesh Jain & Co., Jaipur having Firm Registration No.101048 as the Cost Auditors of the Company to conduct Cost Audit pertaining to relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time for the year ending 31<sup>st</sup> March, 2021.

M/s. Avnesh Jain & Co. has vast experience in the field of Cost audit and has conducted the audit of Cost record of the Company for the past several years.

### **16. SECRETARIAL AUDITORS**

In pursuance of Section 204(1) of the Companies Act 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board of Directors has appointed Ms. Preeti Gupta, Practicing Company Secretary (Membership No. 43593, C.O.P. No. 23625) as Secretarial Auditor to conduct Secretarial Audit of the Company for financial year 2019-20 and their report is annexed to this Board Report as Annexure-2.

### **17. EXPLANATION OR COMMENTS BY THE BOARD ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE**

#### **(A) BY STATUTORY AUDITOR**

The members are informed that there were no qualifications, reservation or adverse remark or disclaimer made by Statutory Auditor in the Audit Report. Hence no explanation/comments are required to be given by the Board.

#### **(B) BY COST AUDITOR**

The members are informed that there were no qualifications, reservation or adverse remark or disclaimer made by Cost Auditor in the Audit Report. Hence no explanation/comments are required to be given by the Board.

#### **(C) BY THE SECRETARIAL AUDITOR IN THEIR SECRETARIAL AUDIT REPORT**

The members are informed that there were no qualifications, reservation or adverse remark





## RATHI INDUSTRIES LTD.

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or disclaimer made by Secretarial Auditor in the Secretarial Audit Report. Hence, no explanation/comments are required to be given by the Board.

It is observed that amount due of Corporate Social Responsibility (CSR) has not been spent by Company which will be spend very soon.

### 18. MANAGERIAL REMUNERATION

Pursuant to Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there has been no employee employed by the company either for whole or part of the year drawing remuneration in excess Rs. 8,50,000/- per month or Rs. 1,02,00,000/- in a year. Other information's are as under:-

#### (A) Ratio of Remuneration of each Director to median remuneration of Employees

- (i) Ratio of remuneration of Mr. Sangram Singh to median remuneration of employees during the year was 3.09:1
- (ii) Ratio of remuneration of Mr. Vinay Rathi to median remuneration of employees during the year was 24.75:1
- (iii) Ratio of remuneration of Mr. Vikas Rathi to median remuneration of employees during the year was 24.75:1

#### (B) Percentage increase in the remuneration of employees

The percentage no increase in the median remuneration of employees in the financial year 2019-20 was.

#### (C) Ratio of remuneration of highest paid employee if it exceeds remuneration of highest paid Director

There was no employee of the company who had been paid remuneration more than the highest remuneration paid to the directors of the company.

#### (D) Policy Compliance affirmation

The remuneration to Directors and KMP is as per the nomination and remuneration policy of the company.

### 19. DIRECTORS

#### (A) Directors retiring by rotation

Mr. Vinay Rathi, (DIN: 00137502) Executive director, who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment to the office of Directors on the Board of your company. The Board recommends these appointment/ re-appointment.

#### (B) Appointment & Cessation of Director & KMPs

There has been no change in the Directors & KMPs during the year.



## RATHI INDUSTRIES LTD.

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### (C) **Statement on declaration given by Independent Directors**

The members are informed that the Independent Directors Mr. Abhishek Bhattar, Mr. Ghanshyam Tiwari and Ms. Sangeeta Garg have given a declaration that they meet the criteria of independence as provided in sub-section 6 of the Section 149 of the Companies Act, 2013.

The Board of the company also confirms that the above Independent Directors fulfill the criteria of being Independent Director as specified under the provisions of the Companies Act, 2013.

### (D) **Formal Annual Evaluation**

Pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015, ("the Listing Regulations") the Board of Directors has carried out an annual evaluation of its own performance and that of its Committees and individual Directors.

## 20. **DISCLOSURE REGARDING SUBSIDIARIES, JOINT VENTURE OR ASSOCIATE COMPANIES**

The Company does not have any subsidiary, joint venture or associate company. During the year also there were no companies which have become or ceased to be your Company's subsidiary, joint venture or associate company.

## 21. **CORPORATE GOVERNANCE**

Your Directors reaffirm their commitment to good corporate governance practices. During the year under review, your Company was in compliance with the provisions relating to corporate governance as provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations). The Compliance Report is provided in the Corporate Governance section of this Annual Report. The auditor's certificate on compliance with the conditions of Corporate Governance of the Listing Regulations is also included in the Annual Report.

Your Company was on the Dissemination Board of National Stock Exchange through Ahmadabad Stock Exchange. In order to comply SEBI Circular No. **SEBI/HO/MRD/DSA/CIR/P/2016/110** dated October 10, 2016; your company has filed a secondary listing application before Metropolitan Stock Exchange of India Limited (MSEI) dated 30.03.2017 to list its securities on the Board of MSEI and removal of its name from aforesaid Dissemination Board. Accordingly the company has been listed on Metropolitan Stock Exchange of India Limited (MSE) on 02.01.2020.

## 22. **DEPOSITS**

During the year the company has not accepted any deposit from the members or the general public under the Companies Act, 2013.



## RATHI INDUSTRIES LTD.

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### **23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

During the year the company had not entered into any transaction of loan, investment and guarantee under Section 186 of the Companies Act, 2013,

### **24. DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013 the directors confirm that in preparation of Annual Accounts:

- (a) the applicable Indian accounting standards have been followed along with proper explanation relating to material departures,
- (b) appropriate accounting policies have been selected and applied consistently, judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period,
- (c) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- (d) the annual accounts have been prepared on a going concern basis,
- (e) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively, and
- (f) proper internal financial controls were laid down and that such internal financial controls are adequate and were operating effectively.

### **25. MANAGEMENT DISCUSSION AND ANALYSIS**

A separate report on Management Discussion and Analysis is included in this Annual Report.

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

#### **(A) Conservation of energy**

The company has a dedicated technical team to make continued efforts for conservation of energy. Your Company is continuously looking for new ways of conservation of energy and wastes minimization for the protection of environment. The eco-friendly initiatives adopted by your company are:

- (i) Implementing energy conservation schemes.
- (ii) Awareness programmes for employees at all levels and for community
- (iii) Tree Plantation Campaigns.
- (iv) Promoting the use of alternative fuels and materials.



## RATHI INDUSTRIES LTD.

Total energy consumption and energy consumption per unit of production as in respect of industry mentioned below:

| S. No. | Particulars   | Financial Year (2019-20)                                |
|--------|---|---|
| 1      | <b>Electricity (Purchased)</b><br>Unit<br>Total Amount<br>Rate/Unit | 2,55,09,800 Units<br>Rs. 196,649,263/-<br>Rs. 7.71/Unit |
| 2      | <b>Furnace Oil</b><br>Qty.<br>Total Amount<br>Rate/Unit             | 2363815 Kgs<br>Rs. 80,346,645/-<br>Rs. 33.99/- Kg.      |
| 3      | <b>Coal</b><br>Unit<br>Total Amount<br>Rate/Unit                    | 7464.200 MT<br>Rs. 60,959,730/-<br>Rs. 8167/- per MT    |
| 4      | <b>Husk</b><br>Unit<br>Total Amount<br>Rate/Unit                    | 14037.340/MT<br>Rs. 8,53,12,353/-<br>Rs. 6077.53/- MT   |

(B) Technology absorption

The company is putting continuous efforts in acquisition, development and utilization of technological knowledge through its wide advance engineering project portfolio. The projects in the advance engineering portfolio are focused around the technologies and innovations which the company might need in the years to come and the current thrust areas. The company took initiatives by various interventions to improve upon the performance, refinement, meeting and exceeding the current prevalent norms of emission, fuel economy and reduction in cost of the product. The Company is also pursuing various initiatives to enable the existing and further improvement in efficiencies in manufacturing and growth of business.

(C) Foreign exchange earnings and outgo

The company has neither earned nor any outgo of foreign exchange during the year.

## 27. CORPORATE SOCIAL RESPONSIBILITY (CSR) OF THE COMPANY

Pursuant to the provision of Section 135 of the Companies Act, 2013, your company has constituted CSR Committee for the purpose of undertaken CSR Activities. However the prescribed amount of Rs. 24,78,666/- (2% of avg. net profit of Rs. 12,39,33,293/- for last three financial years) need to be spend upto Financial Year 2019-20 has not been spend due to slow down and adverse business conditions. The above said amount would spend in CSR Activities very soon. The CSR Committee is engaged in proper execution of the CSR activities.



## RATHI INDUSTRIES LTD.

The details of the amount of CSR for previous years not spent are as follows:

| S. No. | Financial Year | Avg. net profit for last 3 years (in Rs.) | Amount of CSR (2% of avg. net profit) (In Rs.) |
|--------|----------------|---|--|
| 1      | 2019-20        | 3,25,56,237                               | 6,51,125                                       |
| 2      | 2016-17        | 45,49,422                                 | 90,989   |
| 3      | 2015-16        | 3,80,66,669                               | 761,333  |
| 4      | 2014-15        | 4,87,60,965                               | 975,219  |

### **28. STATEMENT ON RISK MANAGEMENT POLICY**

The Board of Directors has developed and implemented a risk management policy for the company. A risk management committee has also been formed for identification and assessment of risks and minimization of risks by adopting various measures. The Company has taken proper initiatives to mitigate risks.

### **29. RELATED PARTY TRANSACTIONS OR ARRANGEMENTS**

All related party transactions that were entered into during the financial year were in the ordinary course of business. There were no materially significant related party transactions which were transacted by the Company with any of the Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of your Company.

### **30. POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

The board of directors of your company has also laid down a policy on prevention of sexual harassment at workplace. The company is committed to providing equal opportunities without regard to their caste, sex, religion, color, disability etc; during the year the company did not receive any complaint under the said policy.

### **31. ACKNOWLEDGEMENT**

Our company has always recognized that people are its key resources. The Board takes this opportunity to thank the employees at all levels for their dedicated service and firm commitment to the goals of the company. It also wishes to place on record its sincere appreciation for the wholehearted support received from distributors, shareholders, bankers and all other business associates towards conduct of efficient operations of our company.

By order of the Board of Directors  
For **Rathi Industries Limited**

Place: New Delhi  
Date: 07<sup>th</sup> December, 2020

Sangram Singh  
(Whole Time Director)  
DIN: 01188132



## RATHI INDUSTRIES LTD.

### ANNEXURE-1 to Director's Report

#### FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN As on financial year ended on 31.03.2020

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**

#### I. REGISTRATION & OTHER DETAILS

|    |  |  |
|----|--|--|
| 1. | CIN  | L74899DL1991PLC046570  |
| 2. | Registration Date  | 29-11-1991   |
| 3. | Name of the Company  | Rathi Industries Limited   |
| 4. | Category/Sub-category of the Company                                       | Public Company/Limited by Shares   |
| 5. | Address of the Registered office & contact details                         | A-24/6, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110 044<br>Ph. No. 011-46569307,<br>E-mail Id: <a href="mailto:rathiindustriesltd@rediffmail.com">rathiindustriesltd@rediffmail.com</a><br>Website: <a href="http://www.rathistelmax.com">www.rathistelmax.com</a> |
| 6. | Whether listed company   | Yes (Metropolitan Stock Exchange of India Limited)   |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Skyline Financial Services Pvt. Ltd.<br>D-153A, Okhla Indl. Area, Phase-1, New Delhi-110 020<br>Ph. No. 011-26812682-83<br>E-mail Id: <a href="mailto:info@skylinerta.com">info@skylinerta.com</a><br>Website: <a href="http://www.skylinerta.com">www.skylinerta.com</a>                |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1.     | Mfg. Of M.S. Bars/TMT                            | 27152                           | 89.48%                             |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|----|--|---------------------------------|------------------------------------|
| 1  | ----- Not Applicable -----                       |                                 |                                    |

Company does not have any Holding, Subsidiary or Associate Company.





# RATHI INDUSTRIES LTD.

## IV. (i) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Category-wise Share Holding

| Category of Shareholders   | No. of Shares held at the beginning of the year[As on 31-March-2019] |          |         |                   | No. of Shares held at the end of the year[As on 31-March-2020] |          |         |                   | % Change during the year |
|--|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
|  | Demat  | Physical | Total   | % of Total Shares | Demat  | Physical | Total   | % of Total Shares |                          |
| <b>A. Promoter s</b>   |  |          |         |                   |  |          |         |                   |                          |
| <b>(1) Indian</b>  |  |          |         |                   |  |          |         |                   |                          |
| a) Individual/HUF  | -  | 1965800  | 1965800 | 30.43             | 1965800  | -        | 1965800 | 30.43             | -                        |
| b) Central Govt  | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| c) State Govt(s)   | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| d) Bodies Corp.  | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| e) Banks / FI  | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| f) Any other   | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| <b>Total shareholding of Promoter (A)</b>                                | -  | 1965800  | 1965800 | 30.43             | 1965800  | -        | 1965800 | 30.43             | -                        |
| <b>B. Public Shareholding</b>  |  |          |         |                   |  |          |         |                   |                          |
| <b>1. Institutions</b>   |  |          |         |                   |  |          |         |                   |                          |
| a) Mutual Funds  | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| b) Banks / FI  | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| c) Central Govt  | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| d) State Govt(s)   | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| e) Venture Capital Funds   | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| f) Insurance Companies   | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| g) FIIs  | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| h) Foreign Venture Capital Funds   | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| i) Others (specify)  | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| <b>Sub-total (B)(1):-</b>  | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| <b>2. Non-Institutions</b>   |  |          |         |                   |  |          |         |                   |                          |
| a) Bodies Corp.  |  |          |         |                   |  |          |         |                   |                          |
| i) Indian  | 500  | 2911400  | 2911900 | 45.07             | 900  | 2911000  | 2911900 | 45.07             | -                        |
| ii) Overseas   | -  | -        | -       | -                 | -  | -        | -       | -                 | -                        |
| b) Individuals   |  |          |         |                   |  |          |         |                   |                          |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 28400  | 1486600  | 1515000 | 23.45             | 36900  | 1445600  | 1482500 | 22.95             | (0.5)                    |



# RATHI INDUSTRIES LTD.

|  |       |         |         |        |         |         |         |        |      |
|--|-------|---------|---------|--------|---------|---------|---------|--------|------|
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 66000 | 1300    | 67300   | 1.04   | 68300   | 24800   | 93100   | 1.44   | 0.40 |
| c) Others Resident HUF   | -     | -       | -       | -      | 6700    | -       | 6700    | 0.1    | 0.1  |
| Non Resident Indians   | -     | -       | -       | -      | -       | -       | -       | -      | -    |
| Overseas Corporate Bodies  | -     | -       | -       | -      | -       | -       | -       | -      | -    |
| Foreign Nationals  | -     | -       | -       | -      | -       | -       | -       | -      | -    |
| Clearing Members   | -     | -       | -       | -      | -       | -       | -       | -      | -    |
| Trusts   | -     | -       | -       | -      | -       | -       | -       | -      | -    |
| Foreign Bodies-DR  | -     | -       | -       | -      | -       | -       | -       | -      | -    |
| <b>Sub-total (B)(2):-</b>  | 94900 | 4399300 | 4494200 | 69.57  | 112800  | 4381400 | 4494200 | 69.57  |      |
| Total Public Shareholding (B)=(B)(1)+(B)(2)                                      | 94900 | 4399300 | 4494200 | 69.57  | 112800  | 4381400 | 4494200 | 69.57  |      |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                           | -     | -       | -       | -      | -       | -       | -       | -      | -    |
| <b>Grand Total (A+B+C)</b>   | 94900 | 6365100 | 6460000 | 100.00 | 2078600 | 4381400 | 6460000 | 100.00 | -    |

## ii) Shareholding of Promoter-

| SN | Shareholder's Name | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in shareholding during the year |
|----|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|    |                    | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1  | Prem Ratan Rathi   | 509400                                    | 7.88                             | -  | 509400                              | 7.88                             | Nil  | Nil                                      |
| 2  | Sujata Rathi       | 102500                                    | 1.59                             | -  | 102500                              | 1.59                             |  |  |
| 3  | Vikas Rathi        | 318200                                    | 4.92                             | -  | 318200                              | 4.92                             |  |  |
| 4  | Vinay Rathi Karta  | 203800                                    | 3.15                             | -  | 203800                              | 3.15                             |  |  |
| 5  | Riddhi Rathi       | 91600                                     | 1.42                             | -  | 91600                               | 1.42                             |  |  |
| 6  | Sushila Devi Rathi | 125500                                    | 1.94                             | -  | 125500                              | 1.94                             |  |  |
| 7  | Kanika Rathi       | 41700                                     | 0.65                             | -  | 41700                               | 0.65                             |  |  |
| 8  | Vaibhav Rathi      | 82500                                     | 1.28                             | -  | 82500                               | 1.28                             |  |  |
| 9  | Vikas Rathi Karta  | 108900                                    | 1.69                             | -  | 108900                              | 1.69                             |  |  |
| 10 | Raghav Rathi       | 157400                                    | 2.44                             | -  | 157400                              | 2.44                             |  |  |
| 11 | Vinay Rathi        | 224300                                    | 3.47                             | -  | 224300                              | 3.47                             |  |  |
|    | <b>TOTAL</b>       | 1965800                                   | 30.43                            | -  | 1965800                             | 30.43                            |  |  |



## RATHI INDUSTRIES LTD.

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

| SN | Particulars  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|----|--|---|----------------------------------|---|----------------------------------|
|    |  | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|    | At the beginning of the year   | 1965800                                   | 30.43                            | 1965800                                 | 30.43                            |
|    | Increase in Promoters Shareholding during the year by way of transfer. | Nil                                       |                                  |   |                                  |
|    | At the end of the year   | 1965800                                   | 30.43                            | 1965800                                 | 30.43                            |

**(iv) Shareholding Pattern of top ten Shareholders:**

**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

| SN | For Top 10 Shareholders   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the Year |                                  |
|----|---|---|----------------------------------|---|----------------------------------|
|    |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|    | At the beginning of the year  | 2919600                                   | 45.19                            | 2919600                                 | 45.19                            |
|    | 1000 shares has been transferred during the financial year on different dates by the shareholders | 1000                                      | 0.02                             | 1000                                    | 0.02                             |
|    | At the end of the year  | 2920600                                   | 45.21                            | 2920600                                 | 45.21                            |

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

| SN | Shareholding of Directors and Key Managerial Personnel | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the Year |                                  |
|----|--|---|----------------------------------|---|----------------------------------|
|    |  | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|    | At the beginning of the year                           | 542500                                    | 8.39                             | 542500                                  | 8.39                             |
|    | Increase/decrease during the year                      | Nil                                       |                                  |   |                                  |
|    | At the end of the year                                 | 542500                                    | 8.39                             | 542500                                  | 8.39                             |



## RATHI INDUSTRIES LTD.

### V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

|  | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |          |                       |
| i) Principal Amount  | 656529776                           | 67904000           | -        | 724433776             |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                     |
| iii) Interest accrued but not due                          | -                                   | -                  | -        | -                     |
| <b>Total (i+ii+iii)</b>                                    | 656529776                           | 67904000           | -        | 724433776             |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |          |                       |
| * Addition   | 136626501                           | 91148656           | -        | 227775157             |
| * Reduction  | -                                   | -                  | -        | -                     |
| <b>Net Change</b>  | 136626501                           | 91148656           | -        | 227775157             |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |          |                       |
| i) Principal Amount  | 793156277                           | 159052656          | -        | 952208933             |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                     |
| iii) Interest accrued but not due                          | -                                   | -                  | -        | -                     |
| <b>Total (i+ii+iii)</b>                                    | 793156277                           | 159052656          | -        | 952208933             |

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

| SN. | Particulars of Remuneration   | Name of Directors                       |                                      |                                      | Total Amount |
|-----|---|---|--------------------------------------|--------------------------------------|--------------|
|     |   | Mr. Sangram Singh (Whole Time Director) | Mr. Vinay Rathi (Executive Director) | Mr. Vikas Rathi (Executive Director) |              |
| 1   | Gross salary  |   |                                      |                                      |              |
|     | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 300000                                  | 2700000                              | 2700000                              | 5700000      |
|     | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                                       | -                                    | -                                    | -            |
|     | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -                                       | -                                    | -                                    | -            |
| 2   | Stock Option  | Nil                                     | Nil                                  | Nil                                  | Nil          |
| 3   | Sweat Equity  |   |                                      |                                      |              |
| 4   | Commission<br>- as % of profit<br>- others, specify...                              |   |                                      |                                      |              |
| 5   | Others, please specify  |   |                                      |                                      |              |
|     | Total (A)   | 300000                                  | 2700000                              | 2700000                              | 5700000      |
|     | Ceiling as per the Act  |   |                                      |                                      | 8400000      |



## RATHI INDUSTRIES LTD.

### B. Remuneration to other directors

| SN. | Particulars of Remuneration                 | Name of Directors    |                   |                      | Total Amount |
|-----|---|----------------------|-------------------|----------------------|--------------|
| 1   | Independent Directors                       | Mr. Abhishek Bhattar | Ms. Sangeeta Garg | Mr. Ghanshyam Tiwari |              |
|     | Fee for attending board /committee meetings | 60000                | 60000             | 60000                | 180000       |
|     | Commission                                  | -                    | -                 | -                    | Nil          |
|     | Others, please specify                      | -                    | -                 | Nil                  |              |
|     | Total (1)                                   | 60000                | 60000             | 60000                | 180000       |
| 2   | Other Non-Executive Directors               |                      |                   |                      |              |
|     | Fee for attending board/ committee meetings | Nil                  |                   |                      | Nil          |
|     | Commission                                  |                      |                   |                      |              |
|     | Salary                                      |                      |                   |                      |              |
|     | Total (2)                                   | Nil                  | Nil               | Nil                  | Nil          |
|     | Total (B)=(1+2)                             | 60000                | 60000             | 60000                | 180000       |
|     | Total Managerial Remuneration (Total A+B)   | 5880000              |                   |                      | 5880000      |
|     | Overall Ceiling as per the Act              |                      |                   |                      | 8400000      |

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| SN | Particulars of Remuneration   | Key Managerial Personnel                 |                                       |           |
|----|---|--|---------------------------------------|-----------|
|    |   | Vinay Rathi<br>(Chief Financial Officer) | Parveen Sharma<br>(Company Secretary) | Total     |
| 1  | Gross salary  |  |                                       |           |
|    | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 27,00,000                                | 322,860                               | 30,22,860 |
|    | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -  | -                                     | -         |
|    | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -  | -                                     | -         |
| 2  | Stock Option  | -  | -                                     | -         |
| 3  | Sweat Equity  | -  | -                                     | -         |
| 4  | Commission  | -  | -                                     | -         |
|    | - as % of profit  | -  | -                                     | -         |
|    | others, specify...  | -  | -                                     | -         |
| 5  | Others, please specify  | -  |                                       | -         |
|    | Total   | 27,00,000                                | 322,860                               | 30,22,860 |



## RATHI INDUSTRIES LTD.

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

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

There were no penalties/punishment/compounding of offences for the breach of any Sections of Companies Act against the Company or its Directors or other officers in default during the year.

By order of the Board of Directors  
For **Rathi Industries Limited**

Sd/-  
**Sangram Singh**  
(Whole Time Director)  
DIN: 01188132

Place: New Delhi  
Date: 7<sup>th</sup> December, 2020





**RATHI INDUSTRIES LTD.**

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**ANNEXURE-2 to Director's Report**

**Form No. MR- 3**

**Secretarial Audit Report**

**For the financial year ended 31<sup>st</sup> March, 2020**

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

To,  
The Members,  
**Rathi Industries Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Rathi Industries Limited** (hereinafter called 'the company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 ("Audit Period") complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me & maintained by the company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (**Not applicable as Company neither have any FDI, ECB nor made any ODI during the Audit Period**)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;
  - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time; (Not applicable)
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. (**Not applicable as the Company did not issue any security during the financial year under review**).
  - (e) The Securities & Exchange Board of India ((Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the Client;



## RATHI INDUSTRIES LTD.

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- (f) The other regulations of Securities and Exchange Board of India as may be applicable to the company.
- (vi) Other laws applicable specifically to the company as per the representation made by the company namely.
  - (a) Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made there under.
  - (b) Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975
  - (c) Environment Protection Act, 1986 and the rules, notifications issued there under.
  - (d) Factories Act, 1948 and allied State Laws.

I have also examined compliance with the applicable clauses of the following:-

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreement entered into by the company with Metropolitan Stock Exchange of India Limited (MSEI) read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

### **I further report that:**

1. The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' view are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has no instances of:

- Public/Rights/Preferential issue of shares/debentures/sweat equity, etc.
- Redemption/buy back of securities.
- Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
- Merger/amalgamation/reconstruction etc.



## RATHI INDUSTRIES LTD.

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- Foreign technical collaborations.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except following observations:

1. Amount of Corporate Social Responsibility has not been spent by the Company.

Place: Varanasi

Date: 01<sup>st</sup>, December, 2020

**CS Preeti Gupta**  
(Practicing Company Secretary)  
ACS No. 43593  
C. P. No. 23625  
UDIN: A043593B001361690

Note: (This Report is to be read with my letter of even date which is annexed as “Annexure A” and forms an integral part of this report.)



**RATHI INDUSTRIES LTD.**

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**'Annexure A'**

To,  
The Members,  
**Rathi Industries Limited**

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report 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.

Place: Varanasi

Date: 01<sup>st</sup>, December, 2020

**CS Preeti Gupta**  
(Practicing Company Secretary)  
ACS No. 43593  
C. P. No. 23625  
UDIN: A043593B001361690



**RATHI INDUSTRIES LTD.**

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**Secretarial Compliance Report  
of Rathi Industries Limited**

**For the year ended 31<sup>st</sup> March, 2020**

{Under Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015}

I have examined:

- (a) all the documents and records made available to me and explanation provided by **Rathi Industries Limited** ("the listed entity")
- (b) the filings/ submissions made by the listed entity to the stock exchanges
- © website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

For the year ended March 31, 2020 ("Review Period") in respect of compliance with the provisions of:

- A. The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, Circulars, guidelines issued thereunder; and
- B. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

- A. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- B. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not Applicable to the Company during the Audit Period)
- C. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- D. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable to the Company during the Audit Period)
- E. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not Applicable to the Company during the Audit Period)
- F. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period)
- G. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not Applicable to the Company during the Audit Period)
- H. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Securities and Exchange Board of India (Depositories & Participants) Regulations, 2018 {To the extent applicable};



## RATHI INDUSTRIES LTD.

and based on the above examination, I hereby report that, during the Review Period:

- a. The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

| Sr. No.                                     | Compliance Requirement<br>(Regulations/Circulars/guidelines/<br>including specific clause) | Deviations | Observations/Remarks<br>of the Practicing<br>Company Secretary |
|---|--|------------|--|
| Not Applicable during the year under review |  |            |  |

- b. The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my examination of those records.
- c. The following are the details of actions taken against the listed entity/its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder:

| Sr. No.                                     | Action taken by | Details of violation | Details of actions<br>taken e.g. fines,<br>warning letter,<br>debarment etc. | Observation/Remarks<br>of the Practicing<br>Company Secretary,<br>if any. |
|---|-----------------|----------------------|--|---|
| Not Applicable during the year under review |                 |                      |  |   |

- d. The listed entity has taken the following actions to comply with the observations made in previous reports:

| Sr. No.                                     | Observations of the<br>Practicing<br>Company Secretary<br>in the previous<br>reports | Observations made<br>in the Secretarial<br>Compliance Report<br>for the year ended<br>(The years are to be<br>mentioned) | Actions taken by<br>the listed entity, if<br>any | Comments of the<br>Practicing<br>Company Secretary<br>on the actions<br>taken by the listed<br>entity |
|---|--|--|--|---|
| Not Applicable during the year under review |  |  |  |   |

**For N. Panchal & Associates**  
(Company Secretaries)

Place: New Delhi  
Date: 30/07/ 2020

CS Nitin Panchal  
(Proprietor)  
ACS No. 47431  
C.P. No.19534  
UDIN: A047431B000538427





## RATHI INDUSTRIES LTD.

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### **Management Discussion and Analysis Report**

#### **Overview**

The objective of this report is to convey the Management's perspective on the external environment and steel industry, as well as strategy, operating and financial performance, material developments in human resources and industrial relations, risks and opportunities, and internal control systems and their adequacy in the Company during the Financial Year 2019-20. This should be read in conjunction with the Company's financial statements, the schedules and notes thereto and other information included elsewhere in the Integrated Report. The Company's financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') complying with the requirements of the Companies Act, 2013, as amended and regulations issued by the Securities and Exchange Board of India ('SEBI') from time to time.

Your attention is also drawn to sections on Opportunities, Risks and Strategy Planning forming part of the Integrated Report.

#### **Business Outlook of the Steel Industry**

The COVID-19 pandemic has severely affected economies and industries globally and the steel industry is no exception. Therefore, outlook for the steel industry includes scenarios regarding the pandemic's speed of propagation, possible recurrence, near-term impact of measures being taken to contain the outbreak, and the effectiveness of the stimulus announced by the Governments of various nations.

In India, muted demand and oversupply is likely to result in suppressed steel prices and capacity utilisation in the near term. Since India depends largely on migrant labour, restarting construction and infrastructure projects will be a challenge. The demand from infrastructure, construction, and real estate sectors is likely to be subdued in the first half of the Financial Year 2020-21 due to the lockdown during the first quarter followed by the monsoons during the second quarter. Further, the demand from automobile, white goods and capital goods sectors are likely to reduce significantly with consumers deferring discretionary spends in the near term. Effective government stimulus and return of consumer confidence is likely to be the key driver for a gradual recovery over the second half of the Financial Year 2020-21.

#### **Our Product**

We are ISO 9001-2000 & 14001 certified company by International Certification Ltd; Newzealand. We have been manufacturing reinforcement bars of International quality for the last many years. We are committed to continue our journey to excellence.

Our product, an output of state-of-the art automatic plant coupled with latest technology; dominate market in quality and trust. Our plant is manufacturing superior quality of steel bars (CTD/TMT) having edge over other manufacturers in terms of the various characteristic and features.

#### **Sales & Marketing Review**

Besides major advertising campaign for popularizing and branding of Thermo Mechanically Treated (TMT) Bars was taken up by our company to further boost its demand and popularity, the company developed



## RATHI INDUSTRIES LTD.

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widest dealership networks in U.P., Haryana, Punjab, Delhi, J & K., Gujarat, Rajasthan & Himachal Pradesh. Due to wider dealership networking Rathi TMT bars under the brand name “**Rathi Stelmax**” are readily available in wide range of 6 mm to 32 mm in the entire region of Northern & Western India instantly.

### **Strategy and Planning**

We are maintaining laboratory equipped with latest equipments for continuous Research and Development of products. The management is taking all necessary steps including various modifications in the plant to ensure the full and efficient running of the plant.

### **Financial Review**

This year has been very encouraging for your Company to report impressive growth in the financials. The operations of your Company are improving day by day and the management is very aggressively striving to achieve the full production capacity. The management is taking all necessary steps including various modifications in the plant to ensure the full and efficient running of the plant.

### **Risk Management**

We are having three keys elements for risk management, these are:

**a) Risk Identification**

It includes identify and categorize risks that could affect the project and steps includes documentation of risks. The outcome of risk identification is a list of risks.

**b) Risk Mitigation**

It covers efforts taken to reduce either the probability or consequences of a threat. It also called risk reduction.

**c) Risk Monitoring and Control**

It is the process for the tracking identified risks, monitoring residual risks, identifying new risks, executing risk response plans and evaluating their effectiveness.

### **Internal Control System**

The Company has developed a system which helps the company to achieve its objectives efficiently and effectively. Our internal Control systems are adequate and provide reasonable assurance against misuse or loss of company's assets and provide optimum utilization of available resources of the Company.

### **Human Resources**

The Company believes that in every organization the employees are the backbone of the Company. The company is providing an equal opportunity to all the employees to utilize their full potential and grow with



## **RATHI INDUSTRIES LTD.**

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the organization. Over the years we have developed strong Human Resource practices aimed at ensuring that our employees are provided with an enabling environment for growth and higher levels of contribution.

### **Cautionary Statement**

Statement in Management Discussion and Analysis are reporting the company's objectives, projections, estimates and expectation may be 'forward looking' within the meaning of applicable laws and regulations. Actual result might differ materially from those expressed or implied.

By order of the Board of Directors,  
For **Rathi Industries Limited**

**Place: New Delhi**  
**Date: 07<sup>th</sup> December, 2020**

**Sd/-**  
**Sangram Singh**  
**(Whole Time Director)**  
**DIN: 01188132**



## RATHI INDUSTRIES LTD.

### REPORT ON CORPORATE GOVERNANCE

The report on Corporate Governance as prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") is given below:

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate governance refers to the way in which a company is directed, administered, controlled and concerns the relationships among various internal & external stakeholders. Corporate governance also provides the structure through which the objectives of a company are set and the means of attaining those objectives and monitoring performance are determined.

Your company continuously strives to achieve excellence in corporate governance through its values – Integrity, Commitment, Passion, Seamlessness and Speed.

In terms of the Listing Regulations, the details of compliance are as follows:

#### 2. BOARD OF DIRECTORS:

##### (i) Composition of the Board

The Board comprises six Directors having one Whole Time Director, Two Executive Directors and three Non-Executive Independent Directors. The Chairman of the company is an Executive. The number of Independent Directors on the Board is 50% of the total number of Directors as well as the number of Non-Executive Directors are also 50% of the total number of Directors.

##### (ii) Board Meeting

The Board duly met 4 times during financial year 2019-20 on dated 10.06.2019, 14.08.2019, 14.11.2019 and 14.02.2020.

The name and categories of the Directors on the Board, their attendance at the Board Meetings and at the last Annual General Meeting and also the number of Directorship and Committee Membership held by them in other companies are as given below:

| Name of the Directors | Category                             | No. of Board Meeting Attended | Whether Attended Last AGM | No. of Directorship in other Companies | No. of Committees Position held in other Companies |        |
|-----------------------|--------------------------------------|-------------------------------|---------------------------|--|--|--------|
|                       |                                      |                               |                           |  | Chairman   | Member |
| Mr. Sangram Singh     | Chairman & Whole Time Director       | 4                             | Yes                       | Nil                                    | Nil  | Nil    |
| Mr. Abhishek Bhattar  | Non - Executive Director Independent | 3                             | No                        | 2                                      | Nil  | Nil    |
| Mr. Vinay Rathi       | Executive Director                   | 4                             | Yes                       | 8                                      | Nil  | Nil    |



## RATHI INDUSTRIES LTD.

|                      |                                      |   |     |     |     |     |
|----------------------|--------------------------------------|---|-----|-----|-----|-----|
| Ms. Sangeeta Garg    | Non - Executive Independent Director | 2 | Yes | Nil | Nil | Nil |
| Mr. Vikas Rathi      | Executive Director                   | 2 | Yes | 8   | Nil | Nil |
| Mr. Ghanshyam Tiwari | Non-Executive Independent Director   | 4 | Yes | Nil | Nil | Nil |

### 3. COMMITTEES OF THE BOARD:

The Board of Directors has constituted the following committees with adequate delegation of Powers:

#### (i) Audit Committee:

As on 31<sup>st</sup> March, 2020, the “Term of Reference” of the Committee and its composition were in conformity with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The Audit Committee consist of two Non-Executive Independent Directors & one executive director namely Mr. Abhishek Bhattar, Ms. Sangeeta Garg & Mr. Vinay Rathi.

The Audit Committee has been delegated with powers and entrusted with the duties to assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the company, adequacy of internal audit system, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and to meet out the requirements of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The names of the Members of the Committee and their attendance at the Meetings during the year 2019-20 are as follows:

| S.No. | Name of the Members  | Category | No. of Meetings Held | No.(s) of Meeting attended |
|-------|----------------------|----------|----------------------|----------------------------|
| 1.    | Mr. Abhishek Bhattar | Chairman | 4                    | 4                          |
| 2.    | Ms. Sangeeta Garg    | Member   | 4                    | 4                          |
| 3.    | Mr. Vinay Rathi      | Member   | 4                    | 4                          |

#### Vigil Mechanism/Whistle Blower Policy

The company has in place a vigil mechanism pursuant to which a Values Committee has been constituted for addressing complaints received from directors and employees concerning unethical behavior, actual or suspected fraud and violation of the code of conduct or ethics policy of your



## RATHI INDUSTRIES LTD.

company. The policy provides for adequate safeguards against victimization and all personnel have access to Audit Committee.

### ii) Stakeholders' Relationship Committee:

As at 31<sup>st</sup> March, 2020, the Committee had a Shareholders/Investors Grievance Committee consist of two Non-Executive and Independent Directors & one executive director namely Ms. Sangeeta Garg, Mr. Abhishek Bhatte and Mr. Vinay Rathi. the "Term of Reference" of the Committee and its composition were in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The Stakeholders' Relation Committee looks into redressal of the shareholders and investors complaints like transfer of shares, issue of duplicate shares and other matters relating to investors grievances and investors relations. It also considers and resolves the grievance of security holders of the company.

The numbers of complaints received from the shareholders have been quite negligible during the year under review. During the year just one complaint was received which stand resolved and no complaint is pending as on 31<sup>st</sup> March, 2020.

The names of the Members of the Committee are as given below:

| S. No. | Name of the Members | Category    |
|--------|---------------------|-------------|
| 1      | Ms. Sangeeta Garg   | Chairperson |
| 2.     | Mr. Abhishek Bhatte | Member      |
| 4.     | Mr. Vinay Rathi     | Member      |

### iii) Nomination and Remuneration Committee

As on 31<sup>st</sup> March, 2020, the Company has a Remuneration Committee consist of two Independent Directors and one Non-Executive Director namely Mr. Abhishek Bhatte (Chairman), Ms. Sangeeta Garg and Mr. Vinay Rathi are the members of the committee. The composition of the committee was in conformity with regulation 19 of the Listing Regulations. The remuneration is fixed keeping in view of the overall limit laid down under the Companies Act, 2013, qualification and experience of the appointee and overall financial performance of the company. The remuneration of Executive Directors of the company is being paid as approved by the Board of Directors and Shareholders of the company.

The names of the Members of the Committee during the year 2019-20 are as follows:

| S.No. | Name of the Members   | Category |
|-------|-----------------------|----------|
| 1.    | Mr. Abhishek Bhatte   | Chairman |
| 2.    | Ms. Sangeeta Garg     | Member   |
| 3.    | Mr. Ghanshyam Tiwari* | Member   |



## RATHI INDUSTRIES LTD.

Mr. Ghanshyam Tiwari was appointed as a member of Nomination & Remuneration Committee w.e.f. 14-11-2019 in place of Mr. Vinay Rathi.

### iv Corporate Social Responsibility (CSR) Committee

A CSR Committee has been constituted under section 135 of the Companies Act; 2013 during the year. The details of CSR Committee are as follows:

| S.No. | Name of the Members  | Category |
|-------|----------------------|----------|
| 1.    | Mr. Ghanshyam Tiwari | Chairman |
| 2.    | Ms. Sangeeta Garg    | Member   |
| 3.    | Mr. Vinay Rathi      | Member   |

#### (a) Executive Directors

Details of the remuneration paid/payable to Executive Directors for the financial year 2019-20 are as follows.

| Name              | Salary (Rs.) | Commission | Perquisite & Allowances | Stock Options |
|-------------------|--------------|------------|-------------------------|---------------|
| Mr. Sangram Singh | 300,000/-    |            | Nil                     |               |
| Mr. Vinay Rathi   | 2,700,000/-  |            | Nil                     |               |
| Mr. Vikas Rathi   | 2,700,000/-  |            | Nil                     |               |

#### (b) Non-Executive Directors

Details of the remuneration paid/payable to Non-Executive Directors for the financial year 2019-20 is given below:-

| Name                 | Salary (Rs.) | Commission | Perquisite & Allowances | Stock Options |
|----------------------|--------------|------------|-------------------------|---------------|
| Mr. Abhishek Bhatte  | Nil          | Nil        | Nil                     | Nil           |
| Mr. Ghanshyam Tiwari | Nil          | Nil        | Nil                     | Nil           |
| Ms. Sangeeta Garg    | Nil          | Nil        | Nil                     | Nil           |

### 4) GENERAL BODY MEETING:

Location, date and time of the AGM held during preceding three years are as under:-

| No. of AGM       | Date       | Location  | Time      |
|------------------|------------|---|-----------|
| 27 <sup>th</sup> | 30.09.2019 | A-24/6, Mohan Co-op. Indl. Estate Mathura Road, New Delhi | 3.00 P.M. |
| 26 <sup>th</sup> | 29.09.2018 | A-24/6, Mohan Co-op. Indl. Estate Mathura Road, New Delhi | 3.00 P.M. |
| 25 <sup>th</sup> | 29.09.2017 | A-24/6, Mohan Co-op. Indl. Estate Mathura Road, New Delhi | 3.00 P.M. |

No special resolution was passed in the last A.G.M.





## RATHI INDUSTRIES LTD.

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### 5) **RISK MANAGEMENT:**

The Board of Directors has developed and implemented a risk management policy for the company. A risk management committee has also been formed for identification and assessment of risks and minimization of risks by adopting various measures. The Company has taken proper initiatives to mitigate risks.

### 6) **SUBSIDIARY COMPANY:**

The Company does not have any subsidiary, joint venture or associate company. During the year also there were no companies which have become or ceased to be your Company's subsidiary, joint venture or associate company.

### 7) **RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were in the ordinary course of business. There were no materially significant related party transactions which were transacted by the Company with any of the Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of your Company.

### 8) **CEO/CFO CERTIFICATION:**

The Whole Time Director and Chief Financial Officer of your company have issued necessary certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations and the same forms part of this Annual Report.

### 9) **REPORT ON CORPORATE GOVERNANCE:**

Your company complied with the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the Listing Regulations.

### 10) **COMPLIANCE CERTIFICATE:**

A certificate from the practicing Company Secretary confirming compliance with the conditions of corporate governance as stipulated in the Listing Regulations forms part of this Annual Report.

### 11) **GENERAL SHAREHOLDERS INFORMATION:**

- |     |                        |   |  |
|-----|------------------------|---|--|
| (a) | Annual General Meeting | : | Thursday, 31 <sup>st</sup> December, 2020 at 3.00 P.M.<br>at A-24/6, Mohan Co-op. Indl. Estate,<br>Mathura Road, New Delhi - 110044. |
| (b) | Financial year         | : | 1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March 2020   |
| (c) | Date of Book Closure   | : | <b>23<sup>rd</sup> December 2020 to 31<sup>st</sup> December 2020</b><br>(both days inclusive)                                       |
| (d) | Dividend payment       | : | No dividend is recommended for the year.   |



## RATHI INDUSTRIES LTD.

(e) Listing with Stock Exchange(s): Metropolitan Stock Exchange of India

Your Company was on the Dissemination Board of National Stock Exchange through Ahmadabad Stock Exchange. In order to comply SEBI Circular No. **SEBI/HO/MRD/DSA/CIR/P/2016/110** dated October 10, 2016; your company has filed a secondary listing application before Metropolitan Stock Exchange of India Limited (MSEI) dated 30.03.2017 to list its securities on the Board of MSEI and removal of its name from aforesaid Dissemination Board. Accordingly the company has been listed on Metropolitan Stock Exchange of India Limited (MSE) on 31.12.2019.

(f) Registrar and Transfer agents : M/s Skyline Financial Services Pvt. Ltd,  
D-153 A, Okhla Industrial Area, Phase-1,  
New Delhi-110020.  
Phone No.011-26812682-83, 011-40450193-97  
E-mail id – info@skylinerta.com  
Website – www.skylinerta.com

(g) Dematerialization of Equity : The Company has provided D-MAT connectivity  
With both the depositories i.e. NSDL & CDSL.  
ISIN: INE173X01019

(h) Address for correspondence : Regd. Off: A-24/6, Mohan Co-Operative  
Industrial Estate, Mathura Road  
New Delhi- 110044.  
Phone No. : 011-46569307  
E-mail Id : rathiindustriesltd@rediffmail.com  
Website : rathistelmax.com

Factory: Plot No 1319, G.T. Road, Chhapraulla,  
Gautam Budh Nagar (U.P.)  
Ph. No. +91 -9311904448

(i) Market Price Data (Rs.) : 95.35

(j) Distribution of shareholding of the company as on 31.3.2020 was as follows:-

| Range of No. of Shares Holding, Nominal Value Rs.10/- each | No. of Shares Held | % to Total shareholding | No. of Shareholders | % to Total Shareholders |
|--|--------------------|-------------------------|---------------------|-------------------------|
| 1 to 500   | 943300             | 14.6                    | 5463                | 92.45                   |
| 501 to 1000  | 274600             | 4.25                    | 308                 | 5.21                    |
| 1001 to 2000   | 105000             | 1.63                    | 65                  | 1.1                     |
| 2001 to 3000   | 55100              | 0.85                    | 20                  | 0.34                    |
| 3001 to 4000   | 18400              | 0.28                    | 5                   | 0.08                    |
| 4001 to 5000   | 80100              | 1.24                    | 17                  | 0.29                    |
| 5001 to 10000  | 58800              | 0.91                    | 8                   | 0.14                    |
| 10001 and above  | 4924700            | 76.23                   | 23                  | 0.39                    |
| <b>TOTAL</b>   | <b>6460000</b>     | <b>100.00</b>           | <b>5909</b>         | <b>100.00</b>           |



## RATHI INDUSTRIES LTD.

### 12) **Code of Conduct Declaration pursuant to Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

As provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and the senior Management Personnel have confirmed compliance with the code of Conduct for the year ended 31<sup>st</sup> March, 2020.

### 13) **As stipulated under Schedule V of the SEBI Listing Regulations, core Skills/ Expertise/ Competencies as required in the context of the Company's Business and those actually available with Board Members are identified by the Board of Directors.**

Chart/Matrix of such core skills/expertise/competencies of Directors of the company along with the names of directors who possess such skills are given in the Table below:

| S.No. | Name of Director | Skills/ Expertise/ Competencies                    |
|-------|------------------|--|
| 1     | Sangram Singh    | Management & Strategy                              |
|       |                  | Operation, Human Resource & Industrial Relations   |
|       |                  | Administration & Decision Making                   |
|       |                  |  |
| 2     | Vinay Rathi      | Finance & Taxation                                 |
|       |                  | Corporate Governance & Ethics                      |
|       |                  | Forex Management, Banking, Investment and Treasury |
|       |                  | Administration & Decision Making                   |
|       |                  | Legal, Regulatory & Government matters             |
|       |                  | Audit & Risk Management                            |
| 3     | Vikas Rathi      | Management & Strategy                              |
|       |                  | Sales & Marketing Skills                           |
|       |                  | Operation, Human Resource & Industrial Relations   |
|       |                  | Administration & Decision Making                   |
| 4     | Abhishek Bhattar | Management & Strategy                              |
|       |                  | Operation, Human Resource & Industrial Relations   |
|       |                  | Sales & Marketing Skills                           |
|       |                  | Administration & Decision Making                   |
| 5     | Sangeeta Garg    | Management & Strategy                              |
|       |                  | Operation, Human Resource & Industrial Relations   |
|       |                  | Sales & Marketing Skills                           |
|       |                  | Administration & Decision Making                   |
| 6     | Ghanshyam Tiwari |  |
|       |                  | Management & Strategy                              |
|       |                  | Operation, Human Resource & Industrial Relations   |
|       |                  | Sales & Marketing Skills                           |
|       |                  | Administration & Decision Making                   |



## **RATHI INDUSTRIES LTD.**

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**14) Independent Director's Meetings:**

The Independent Directors met once during the year under report, i.e., 18<sup>th</sup> March, 2020, without the presence of Non- Independent Directors or Management representatives.

The Independent Directors evaluate the performance of the Non-Independent Directors, wherein the evaluation of performance of the Non-Independent Directors, including the Chairman and also of the Board as a Whole was made, against pre-defined and identified criteria.

**15) Postal Ballot:** No Postal Ballot was carried out during the year ended March 31, 2020.

**16) Extra Ordinary General Meeting:**

No Extra Ordinary General Meeting was held during the year ended March 31, 2020.

**17) Certificate for Disqualification of Directors:**

A certificate has been received from Ms. Preeti Gupta, Practicing Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. This certificate is annexed to the end of this report.

By order of the Board of Directors  
For **Rathi Industries Limited**

**Place: New Delhi**  
**Date: 07<sup>th</sup> December, 2020**

**Sd/-**  
**Sangram Singh**  
**(Whole Time Director)**  
**DIN: 01188132**



**RATHI INDUSTRIES LTD.**

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**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The member of  
**Rathi Industries Limited**

We have examined the compliance of the conditions of Corporate Governance by Rathi Industries Ltd. for the year ended on 31<sup>st</sup> March 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations, 2015”).

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of the Listing Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion, to the best of our knowledge and according to the explanation given to us, and the representations made by Directors & the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of the Listing Regulations, 2015.

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.

Place: Varanasi  
Date: 01<sup>st</sup>, December, 2020

**CS Preeti Gupta**  
(Practicing Company Secretary)  
ACS No. 43593  
C. P. No. 23625  
UDIN: A043593B001361745



**RATHI INDUSTRIES LTD.**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(As per clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations).

To  
The Members,  
**Rathi Industries Limited**  
A-24/6, Mohan Co-operative Indl. Estate,  
Mathura Road, New Delhi – 110044.

As required by item 10(i) of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, we certify that none of the directors (mentioned below) on the board (as on 31.03.2020) of Rathi Industries Limited have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority:

| S. No. | Name of Director | DIN      | Date of Appointment |
|--------|------------------|----------|---------------------|
| 1      | Sangram Singh    | 01188132 | 29/01/2007          |
| 2      | Vinay Rathi      | 00137502 | 02/12/2013          |
| 3      | Vikas Rathi      | 01188409 | 26/03/2016          |
| 4      | Abhishek Bhatte  | 01106946 | 31/12/2002          |
| 5      | Sangeeta Garg    | 07269350 | 25/08/2015          |
| 6      | Ghanshyam Tiwari | 02466896 | 16/08/2016          |

Place: Varanasi  
Date: 01<sup>st</sup>, December, 2020

**CS Preeti Gupta**  
(Practicing Company Secretary)  
ACS No. 43593  
C. P. No. 23625  
UDIN: A043593B001361657



**RATHI INDUSTRIES LTD.**

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**CEO/CFO Certificate Pursuant to Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

The Board of Directors,  
**Rathi Industries Limited**

We certify that:

- a) We have reviewed the financial statement and the cash flow statement of the company for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct;
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and have disclosed to the Company's auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the deficiencies.
- d) We have indicated to the auditors and the Audit committee:-
  - (i) significant changes in Company's internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which 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.

**Place: New Delhi**  
**Date: 07<sup>th</sup> December, 2020**

**Sd/-**  
**Sangram Singh**  
**Whole Time Director**

**Sd/-**  
**Vinay Rathi**  
**(Director & CFO)**





## **RATHI INDUSTRIES LTD.**

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### **INDEPENDENT AUDITOR'S REPORT**

To,  
The Members of  
**RATHI INDUSTRIES LTD.**

#### **Opinion**

We have audited the accompanying financial statements of **RATHI INDUSTRIES LIMITED** (herein after referred to as 'the Company') which comprise the balance sheet as at 31<sup>st</sup> March 2020, the statement of profit and loss (including other comprehensive income) and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as 'the financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act; in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the Financial position of the Company as at 31<sup>st</sup> March 2020 and its financial performance including other comprehensive income and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Note 28 to the standalone financial statements which explains the uncertainties and management's assessment of the financial impact due to lockdown / restrictions related to the COVID-19 pandemic imposed by the Governments, for which a definitive assessment of the impact is dependent upon future economic conditions.

#### **Information other than the Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's



## RATHI INDUSTRIES LTD.

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Report including Annexures to Board's Report, Corporate Governance and Shareholders' Information but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## RATHI INDUSTRIES LTD.

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- b. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as



**RATHI INDUSTRIES LTD.**

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- it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss, the statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
  - (e) on the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the director is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B;
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act.
  - (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, to the best of our information and according to the explanations given to us we state that:
    - (i) The Company has disclosed pending litigations and the impact on its financial position in its Financial Statements – Refer note 28
    - (ii) The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses.
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For GUPTA VERMA & SETHI**  
**(Chartered Accountants)**  
**FRN: 002605N**

**CA S.C. SHARMA**  
**(Partner)**  
**M. No. 083982**  
**UDIN: 20083982AAAABU2372**

**Place: New Delhi**  
**Date: 26<sup>th</sup> August, 2020**



## RATHI INDUSTRIES LTD.

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### ANNEXURE - A TO INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph (1) under the heading of “Report on other Legal and Regulatory Requirements” of our report of even date to the members of Rathi Industries Ltd. for the year ended March 31, 2020)

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
  - (b) Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification as confirmed by the management.
  - (c) According to the information & explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed /conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are free hold, are held in the name of the company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the company, where the company is the lessee in the agreement.
- (ii) As explained to us, inventories were physically verified during the year by the management at reasonable intervals, except for inventories lying with third parties where confirmations of inventories held by such third parties have been received and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, Clause (iii) (a), (b) and (c) of the Order are not applicable to the company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees & securities, as applicable.
- (v) According to the information and explanations given to us, the company has not accepted any deposit from the public during the year. Therefore the provision of clause (v) of the Order is not applicable.
- (vi) We have broadly reviewed the cost records maintained by the Company, pursuant to the Companies (Cost Records & Audit) Rules, 2014 as amended and prescribed by the Central Government under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We confirm that the cost records maintained by the company are accurate and complete as contemplating by the statute. Moreover, the Cost auditor is also likely to submit his separate detailed report regarding Cost audit done by him.
- (vii) According to the information and explanation given to us in respect of Statutory dues, and the records of the Company examined by us:
  - (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Excise, Value Added Tax, Cess and all other statutory dues with the appropriate authorities.



**RATHI INDUSTRIES LTD.**

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- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income Tax, Goods & Service Tax which have not been deposited as at March 31, 2020 on account of dispute.
- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and Government. The company has not issued any debentures.
- (ix) Based on information and explanations given to us by the management, term loans were applied for the purposes for which those were raised. The company has not raised monies by way of Initial Public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no material fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the company has paid managerial remuneration in accordance with requisite approvals mandated by the provisions of Section 197 read with schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is in compliance with section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

**For GUPTA VERMA & SETHI**  
**(Chartered Accountants)**  
**FRN: 002605N**

**CA S.C. SHARMA**  
**(Partner)**

**M. No. 083982**

**UDIN: 20083982AAAABU2372**

**Place: New Delhi**  
**Date: 26<sup>th</sup> August, 2020**





## **RATHI INDUSTRIES LTD.**

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### **ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph 2(f) under 'Report on Other Legal & Regulatory Requirements' of our report of even date).**

#### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **Rathi Industries Ltd.** (“the Company”) as of 31 March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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





## **RATHI INDUSTRIES LTD.**

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For GUPTA VERMA & SETHI**  
**(Chartered Accountants)**  
**FRN: 002605N**

**CA S.C. SHARMA**  
**(Partner)**

**M. No. 083982**

**UDIN: 20083982AAAABU2372**

**Place: New Delhi**  
**Date: 26<sup>th</sup> August, 2020**



## RATHI INDUSTRIES LTD.

### BALANCE SHEET AS AT 31st MARCH 2020

(Amount in Rs.)

| Particulars  | Note No. | As at 31st March, 2020 | As at 31st March, 2019 |
|--|----------|------------------------|------------------------|
| <b>ASSETS</b>  |          |                        |                        |
| <b>1. Non-current Assets</b>                         |          |                        |                        |
| (i) Property Plant and Equipment                     | 1        | 1,248,961,177          | 1,134,668,677          |
| (ii) Capital work-in-progress                        |          | 70,967,049             | 64,810,891             |
| (iii) Investment Property                            | 2        | 34,830,347             | 34,830,347             |
| (iv) Goodwill  |          | -                      | -                      |
| (v) Other Intangible Assets                          |          | -                      | -                      |
| (vi) Intangible Assets and Development               |          | -                      | -                      |
| (vii) Biological Assets other than Bearer Plants     |          | -                      | -                      |
| (viii) Deferred Tax Assets (net)                     |          | -                      | -                      |
| (ix) Other Non Current Assets                        | 3        | 22,337,675             | 36,262,045             |
| <b>Total Non-Current Assets (A)</b>                  |          | <b>1,377,096,248</b>   | <b>1,270,571,960</b>   |
| <b>2. Current Assets</b>                             |          |                        |                        |
| (i) inventories                                      | 4        | 361,048,882            | 321,327,630            |
| (ii) Financial Assets                                |          | -                      | -                      |
| (a) Investments                                      |          | -                      | -                      |
| (b) Trade receivables                                | 5        | 800,079,444            | 941,599,172            |
| (c) Cash and Cash Equivalents                        |          | 1,271,162              | 2,196,556              |
| (d) Bank Balances other than cash & cash equivalents | 6        | 15,477,940             | 2,591,048              |
| (e) Loans  |          | -                      | -                      |
| (f) Other Financial assets                           |          | -                      | -                      |
| (iii) Current Tax Assets (Net)                       | 7        | 4,307,725              | 7,662,415              |
| (iv) Other Current Assets                            | 8        | 135,684,907            | 111,741,345            |
| <b>Total Current Assets (B)</b>                      |          | <b>1,317,870,060</b>   | <b>1,387,118,166</b>   |
| <b>Total Assents (A+B)</b>                           |          | <b>2,694,966,308</b>   | <b>2,657,690,126</b>   |
| <b>EQUITY AND LIABILITIES</b>                        |          |                        |                        |
| <b>Equity</b>  |          |                        |                        |
| (a) Equity Share capital                             | 9        | 64,600,000             | 64,600,000             |
| (b) Other Equity                                     | 10       | 1,295,358,972          | 1,282,747,436          |
| <b>Total Equity</b>                                  |          | <b>1,359,958,972</b>   | <b>1,347,347,436</b>   |
| <b>LIABILITIES</b>                                   |          |                        |                        |
| <b>1. Non-current Liabilities</b>                    |          |                        |                        |
| (a) Financial Liabilities                            |          |                        |                        |
| (i) Borrowings                                       | 11       | 319,014,557            | 89,871,651             |
| (b) Provisions                                       | 12       | 3,796,348              | 2,453,586              |
| (c) Deferred Tax Liabilities (Net)                   | 13       | 35,336,724             | 26,226,393             |
| (d) other Non- Current Liabilities                   | 14       | 194,447,273            | 261,261,215            |
| <b>Total Non-current Liabilities</b>                 |          | <b>552,594,902</b>     | <b>379,812,845</b>     |
| <b>2. Current Liabilities</b>                        |          |                        |                        |
| (a) Financial Liabilities                            |          |                        |                        |
| (i) Borrowings                                       | 15       | 633,194,376            | 634,562,125            |
| (ii) Trade Payables                                  | 16       | 102,459,157            | 238,579,138            |
| (iii) Other Financial Liabilities                    |          | -                      | -                      |
| (b) Other Current Liabilities                        | 17       | 42,231,215             | 46,250,883             |
| (c) Provisions                                       | 18       | 4,527,686              | 11,137,699             |
| (d) Current Tax Liabilities (Net)                    |          | -                      | -                      |
| <b>Total Current Liabilities</b>                     |          | <b>782,412,434</b>     | <b>930,529,845</b>     |
| <b>Total Equity And Liabilities</b>                  |          | <b>2,694,966,308</b>   | <b>2,657,690,126</b>   |

**Significant Accounting Policies and**

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#### Notes to Accounts

The accompanying notes are an integral part of the financial statements.

**As per our report of even date attached.**

**For Gupta Verma & Sethi**

**Chartered Accountants**

FRN: 002605N

**(CA. S.C.SHARMA)**

Partner

Membership No.-083982

Place : New Delhi

Date : 26th Aug, 2020

**For and on behalf of the Board of Directors  
of Rathi Industries Limited**

**VIKAS RATHI**

(Director)

DIN : 01188409

**SANGRAM SINGH**

(Whole Time Director)

DIN : 01188132

**VINAY RATHI**  
(Chief Financial Officer)

**PARVEEN SHARMA**  
(Company Secretary)



# RATHI INDUSTRIES LTD.

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020

(Amount in Rs.)

| Particulars  | Note No. | Year ended<br>31st March, 2020 | Year ended<br>31st March, 2019 |
|--|----------|--------------------------------|--------------------------------|
| <b>REVENUE</b>   |          |                                |                                |
| Revenue from operations  | 19       | 6,846,530,072                  | 9,407,924,650                  |
| Other income   | 20       | 9,635,715                      | 7,874,837                      |
| <b>Total revenues</b>  |          | <b>6,856,165,787</b>           | <b>9,415,799,487</b>           |
| <b>EXPENSES</b>  |          |                                |                                |
| Cost of raw material consumed  | 21       | 5,475,522,736                  | 7,184,571,062                  |
| Purchase of stock-in-trade   | 22       | 714,627,125                    | 1,345,790,181                  |
| Changes in inventories of finished goods & Stock in Trade                          | 23       | -                              | 35,027,839                     |
| Employee benefits expenses   | 24       | 54,892,737                     | 48,960,687                     |
| Finance costs  | 25       | 85,339,763                     | 69,573,037                     |
| Depreciation and amortization expenses   |          | 54,185,067                     | 64,274,168                     |
| Other expenses   | 26       | 551,294,488                    | 613,501,348                    |
| <b>Total expenses</b>  |          | <b>6,793,983,766</b>           | <b>9,361,698,322</b>           |
| <b>Profit/(loss) before exceptional and tax</b>                                    |          | <b>62,182,021</b>              | <b>54,101,165</b>              |
| <b>Net Operating Profit/(loss)</b>   |          | <b>-</b>                       | <b>-</b>                       |
| Exceptional items  |          | 35,796,903                     | -                              |
| <b>Profit/(loss) before tax</b>  |          | <b>26,385,118</b>              | <b>54,101,165</b>              |
| <b>Tax Expenses</b>  |          | <b>-</b>                       | <b>-</b>                       |
| Current Tax  |          | 4,527,686                      | 11,137,699                     |
| Deffered Tax   | 27       | 9,245,896                      | 2,223,395                      |
| <b>Profit/(loss) for the period from continuing operations</b>                     |          | <b>12,611,536</b>              | <b>40,740,071</b>              |
| Profit/(loss) from discontinued opertaions   |          | -                              | -                              |
| Tax Expenses from discontinued opertaions  |          | -                              | -                              |
| Profit/(loss) from discontinued opertaions   |          | -                              | -                              |
| <b>Profit /(loss) for the period</b>   |          | <b>12,611,536</b>              | <b>40,740,071</b>              |
| Other Comprehensive Income   |          | -                              | -                              |
| A (i) Items that will not be reclassified to profit or loss                        |          | -                              | -                              |
| (ii) Income Tax relating to items that will not be reclassified to profit or loss  |          | -                              | -                              |
| B (i) Items that will be reclassified to profit or loss                            |          | -                              | -                              |
| (ii) Income Tax relating to items that will be reclassified to profit or loss      |          | -                              | -                              |
| <b>Total Comprehensive Income for the period comprising Profit(Loss) and Other</b> |          | <b>12,611,536</b>              | <b>40,740,071</b>              |
| <b>Comprehensive Income for the Period</b>   |          | <b>12,611,536</b>              | <b>40,740,071</b>              |
| Earnings per Equity Share (For Continuing Operation):                              |          |                                |                                |
| 1. Basic   |          |                                |                                |
| 2. Diluted   |          | 1.95                           | 6.31                           |
| Earnings per Equity Share (For Discontinued Operation):                            |          |                                |                                |
| 1. Basic   |          | -                              | -                              |
| 2. Diluted   |          | -                              | -                              |
| Earnings per Equity Share (For Discontinued & Continuing Operation):               |          |                                |                                |
| 1. Basic   |          | -                              | -                              |
| 2. Diluted   |          | 1.95                           | 6.31                           |

### Significant Accounting Policies and Notes to Accounts

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The Accompanying notes are an integral part of the financial statements.  
As per our report of even date attached

For Gupta Verma & Sethi  
Chartered Accountants  
FRN: 002605N

(CA. S.C.SHARMA)  
Partner  
Membership No.-083982

Place : New Delhi  
Date : 26th July, 2020

For and on behalf of the Board of Directors  
of Rathi Industries Limited

VIKAS RATHI  
(Director)  
DIN : 01188409

SANGRAM SINGH  
(Whole Time Director)  
DIN : 01188132

VINAY RATHI  
(Chief Financial Officer)

PARVEEN SHARMA  
(Company Secretary)



## RATHI INDUSTRIES LTD.

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020 (Amount in Rs.)

| Particulars  | FOR THE YEAR ENDED<br>31.03.2020 | 31.03.2019    |
|--|----------------------------------|---------------|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>            |                                  |               |
| Net profit before taxation and extraordinary items       | 21,721,867                       | 42,963,466    |
| Add : Adjustment for :                                   |                                  |               |
| Depreciation   | 54,185,067                       | 64,274,168    |
| Financial Charges  | 85,339,763                       | 69,573,037    |
| (Profit) / Loss on sale of Investment                    | (327,515)                        | (221,564)     |
| Operating Profit before working Capital Changes          | <b>160,919,182</b>               | 176,589,107   |
| <br>   |                                  |               |
| Adjustment for change in Working Capital                 | (66,907,807)                     | (135,542,230) |
| Financial Charges  | (85,339,763)                     | (69,573,036)  |
| <br>   |                                  |               |
| Cash Flow before extra ordinary items                    | 8,671,612                        | (28,526,159)  |
| Prior year adjustments :                                 | -                                | -             |
| <br>   |                                  |               |
| <b>Net Cash from Operating Activities (A)</b>            | <b>8,671,612</b>                 | (28,526,159)  |
| <br>   |                                  |               |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>            |                                  |               |
| (Purchase) & Sale of Fixed Assets (Net)                  | (174,836,210)                    | (95,267,540)  |
| (Purchase) & Sale of Investments (Net)                   | 530,000                          | 361,000       |
| Preliminary expenses paid                                | -                                | -             |
| <br>   |                                  |               |
| <b>Net Cash used in Investing Activities (B)</b>         | <b>(174,306,210)</b>             | (94,906,540)  |
| <br>   |                                  |               |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>            |                                  |               |
| Proceeds from Long Term Borrowing (Net)                  | 177,596,096                      | 121,887,572   |
| Proceeds from Short Term Borrowing                       | -                                | -             |
| <br>   |                                  |               |
| <b>Net Cash used in Financing Activities (C)</b>         | <b>177,596,096</b>               | 121,887,572   |
| <br>   |                                  |               |
| <b>Net increase in Cash and Cash equivalents (A+B+C)</b> | 11,961,498                       | (1,545,127)   |
| Cash and Cash equivalents (Previous Year)                | 4,787,604                        | 6,332,731     |
| Cash and Cash equivalents (Current Year)                 | 16,749,102                       | 4,787,604     |

The accompanying significant accounting policies and notes to accounts are an integral part of financial statement

**As per our report of even date attached**

For Gupta Verma & Sethi  
Chartered Accountants  
FRN: 002605N

**(CA. S.C.SHARMA)**  
Partner  
Membership No.-083982

Place : New Delhi  
Date : 26th July, 2020

**For and on behalf of the Board of Directors  
of Rathi Industries Limited**

**VIKAS RATHI**  
(Director)  
DIN : 01188409

**SANGRAM SINGH**  
(Whole Time Director)  
DIN : 01188132

**VINAY RATHI**  
(Chief Financial Officer)

**PARVEEN SHARMA**  
(Company Secretary)



**Note No.: 1**

(Amount in Rs.)

| DESCRIPTION                             | GROSS VALUE       |                                |                                | DEPRECIATION                 |                    |                                |   | NET VALUE                |                     |                     |
|---|-------------------|--------------------------------|--------------------------------|------------------------------|--------------------|--------------------------------|---|--------------------------|---------------------|---------------------|
|   | As at<br>1.4.2019 | Addition<br>during<br>the year | Disposal<br>during<br>the year | Total<br>as at<br>31.03.2020 | Upto<br>31.03.2019 | Provided<br>during<br>the year | Adjustment<br>for earlier<br>years dep. | Total Upto<br>31.03.2020 | As at<br>31.03.2020 | As at<br>31.03.2019 |
| Land                                    | 775,718,768       | -                              | -                              | 775,718,768                  | -                  | -                              | -                                       | -                        | 775,718,768         | 775,718,768         |
| Building                                | 77,818,410        | -                              | -                              | 77,818,410                   | 51,717,934         | 2,411,800                      | -                                       | 54,129,734               | 23,688,676          | 26,100,476          |
| Plant &Machinery                        | 910,360,199       | 168,004,729                    | 57,096,397                     | 1,021,268,531                | 603,353,964        | 42,259,866                     | 38,398,188                              | 607,215,642              | 414,052,890         | 307,006,235         |
| Rolling Mill Rolls                      | 130,554,629       | 13,902,895                     | -                              | 144,457,524                  | 120,084,294        | 4,350,709                      | -                                       | 124,435,003              | 20,022,521          | 10,470,335          |
| Furniture &Fixture                      | 1,730,365         | 2,496,126                      | -                              | 4,226,491                    | 1,298,330          | 287,492                        | -                                       | 1,585,822                | 2,640,669           | 432,035             |
| Computer                                | 2,401,642         | 121,144                        | -                              | 2,522,786                    | 2,082,734          | 177,828                        | -                                       | 2,260,562                | 262,224             | 318,908             |
| Office Equipment                        | 3,185,657         | 350,375                        | -                              | 3,536,032                    | 2,753,838          | 253,338                        | -                                       | 3,007,176                | 528,856             | 431,819             |
| Vehicle                                 | 42,174,496        | 2,502,992                      | 3,912,757                      | 40,764,731                   | 27,984,395         | 4,444,034                      | 3,710,272                               | 28,718,157               | 12,046,574          | 14,190,101          |
| (A)                                     | 1,943,944,166     | 187,378,261                    | 61,009,154                     | 2,070,313,273                | 809,275,489        | 54,185,067                     | 42,108,460                              | 821,352,096              | 1,248,961,177       | 1,134,668,677       |
| Capital Work<br>in Progress             | 64,810,891        | 188,063,782                    | 181,907,624                    | 70,967,049                   | --                 | --                             | --                                      | --                       | 70,967,049          | 64,810,891          |
| TOTAL                                   | 2,008,755,057     | 375,442,043                    | 242,916,778                    | 2,141,280,322                | 809,275,489        | 54,185,067                     | 42,108,460                              | 821,352,096              | 1,319,928,226       | 1,199,479,568       |
| PREVIOUS YEAR -<br>ENDING ON 31.03.2018 | 1,914,982,316     | 123,319,352                    | 29,546,611                     | 2,008,755,057                | 746,356,683        | 64,274,168                     | 1,355,362                               | 809,275,489              | 1,199,479,568       | 1,168,625,633       |



## RATHI INDUSTRIES LTD.

(Amount in Rs.)

| Particulars  | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| <b><u>Note No. 2</u></b>   |                        |                        |
| <b><u>Investment Property</u></b>  |                        |                        |
| Investment in Land   | 34,830,347             | 34,830,347             |
| <b>Total</b>   | <b>34,830,347</b>      | <b>34,830,347</b>      |
| <b><u>Note No. 3</u></b>   |                        |                        |
| <b><u>Other non-current Assets</u></b>                                       |                        |                        |
| Security Deposits  | 12,041,675             | 12,082,925             |
| Pre-operative Expenses   | -                      | -                      |
| Other loans and advances   | 5,656,000              | 5,656,000              |
| Advance for Land   | 4,640,000              | 11,300,000             |
| Fraudulent Withdrawals A/c   | -                      | -                      |
| Insurance Claim Recoverable  | -                      | 5,894,051              |
| Regulatory Surcharge paid under protest                                      | -                      | 1,329,069              |
| <b>Total</b>   | <b>22,337,675</b>      | <b>36,262,045</b>      |
| <b><u>Note No. 4</u></b>   |                        |                        |
| <b><u>Inventories</u></b>  |                        |                        |
| Raw materials  | 109,851,804            | 223,461,545            |
| Finished goods   | 213,519,034            | 66,725,852             |
| Stock in trade   | 1,330,241              | 6,245,273              |
| Stores and spares  | 7,010,500              | 6,850,500              |
| Oil & Fuel   | 6,099,573              | 5,715,000              |
| Stock of Retired Machinery being Scrap                                       | 23,237,730             | 12,329,460             |
| <b>Total</b>   | <b>361,048,882</b>     | <b>321,327,630</b>     |
| <b><u>Note No. 5</u></b>   |                        |                        |
| <b><u>Trade receivables</u></b>  |                        |                        |
| Trade receivable outstanding for a period exceeding six months from due date |                        |                        |
| Unsecured, considered good   | 12,540,500             | 13,240,580             |
| Other trade receivables  |                        |                        |
| Unsecured, considered good   | 787,538,944            | 928,358,592            |
| <b>Total</b>   | <b>800,079,444</b>     | <b>941,599,172</b>     |
| <b><u>Note No. 6</u></b>   |                        |                        |
| <b><u>Bank Balance other than Cash and cash equivalents</u></b>              |                        |                        |
| Bank Balance other than Cash and cash equivalents                            |                        |                        |
| Balances with banks  |                        |                        |
| In current accounts  | 4,392,614              | 1,559,413              |
| FDRs & RD with scheduled banks   | 11,085,326             | 1,031,635              |
| <b>Total</b>   | <b>15,477,940</b>      | <b>2,591,048</b>       |



## RATHI INDUSTRIES LTD.

(Amount in Rs.)

| Particulars                                 | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|-----------------------------|-----------------------------|
| <b>Note No. 7</b>                           |                             |                             |
| <b><u>Current Tax Assets (Net)</u></b>      |                             |                             |
| <b>Current Tax Assets (Net)</b>             |                             |                             |
| Advance tax                                 | 3,500,000                   | 7,000,000                   |
| TDS 2019-2020                               | 41,000                      | 9,000                       |
| TDS on Rent Received 2019-20                | 600,000                     | 600,000                     |
| TCS on Vehicle purchase 2019-20             | 14,680                      | 44,731                      |
| TDS ON INTEREST ON FDR 2019-20              | 13,638                      | 8,684                       |
| TDS ON INTEREST RCD ON ELECTRICITY SECURITY | 138,407                     |                             |
| <b>Total</b>                                | <b><u>4,307,725</u></b>     | <b><u>7,662,415</u></b>     |

## **Note No. 8** **Other Current Assets**

|   |                           |                           |
|---|---------------------------|---------------------------|
| <b>Other current assets</b>               |                           |                           |
| Advances to suppliers and others          | 107,094,816               | 71,297,535                |
| TDS 2016-17                               | -                         | 15,660                    |
| Cenvat, Vat, Gst and other taxes / duties | 12,178,075                | 3,797,062                 |
| Prepaid expenses                          | 389,070                   | 316,804                   |
| Miscellaneous advances                    | 16,022,946                | 36,314,284                |
| <b>Total</b>                              | <b><u>135,684,907</u></b> | <b><u>111,741,345</u></b> |



# RATHI INDUSTRIES LTD.

## NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

### Note No. 9

### Share Capital

(Amount in Rs.)

| Particulars                               | As at 31st March, 2020 |                   | As at 31st March, 2019 |                   |
|---|------------------------|-------------------|------------------------|-------------------|
|   | No. of Shares          | Amount (Rs.)      | No. of Shares          | Amount (Rs.)      |
| <b>(a) Authorised</b>                     |                        |                   |                        |                   |
| Equity Shares of Rs.10/- each             | 7,000,000              | 70,000,000        | 7,000,000              | 70,000,000        |
| <b>Total</b>                              |                        | <b>70,000,000</b> |                        | <b>70,000,000</b> |
| <b>(b) Issued, subscribed and paid up</b> |                        |                   |                        |                   |
| Equity shares of Rs.10/- each             | 6,460,000              | 64,600,000        | 6,460,000              | 64,600,000        |
| <b>Total</b>                              |                        | <b>64,600,000</b> |                        | <b>64,600,000</b> |

### (c) Reconciliation of number and amount of equity shares out standing at the beginning and at the end of the reporting year :

| Particulars                                       | As at 31st March, 2020 |              | As at 31st March, 2019 |              |
|---|------------------------|--------------|------------------------|--------------|
|   | No. of Shares          | Amount (Rs.) | No. of Shares          | Amount (Rs.) |
| Outstanding at the begining of the reporting year | 6,460,000              | 64,600,000   | 6,460,000              | 64,600,000   |
| Add:  |                        |              |                        |              |
| (i) Issued on exercise of employees stock options | -                      | -            | -                      | -            |
| (ii) Issued for consideration other than cash     | -                      | -            | -                      | -            |
| (iii) Issued for cash                             | -                      | -            | -                      | -            |
| Less : Share bought back                          | -                      | -            | -                      | -            |
| Outstanding at the end of the reporting year      | 6,460,000              | 64,600,000   | 6,460,000              | 64,600,000   |

### (d) Details of rights, preferences and restrictions attached to equity shares :

The Company has one class of equity shares having a par value of Rs.10/- per share. Each equity share holder is entitled to one vote. Dividend if declared, then paid in Indian rupees. The dividend proposed by the board of directors is subject to approval of shareholders in the ensuing Annual General Meeting.

### (e) Shareholders holding more than 5% of the equity shares of the company:

| Name of Shareholders                     | As at 31st March, 2019 |              | As at 31st March, 2018 |              |
|--|------------------------|--------------|------------------------|--------------|
|  | No. of Shares held     | % of holding | No. of Shares held     | % of holding |
| Raghav Overseas Pvt. Ltd.                | 560,600                | 8.68         | 560,600                | 8.68         |
| Comero Trading & Investment Pvt. Ltd.    | 435,000                | 6.73         | 435,000                | 6.73         |
| Ghaziabad Marbles & Mach. Mfg. Pvt. Ltd. | 430,000                | 6.66         | 430,000                | 6.66         |
| Jagdamba Marbles Ltd.                    | 425,000                | 6.58         | 425,000                | 6.58         |
| Glance Trading & Investment Pvt. Ltd.    | 411,000                | 6.36         | 411,000                | 6.36         |
| Sh. Prem Ratan Rathi                     | 634900                 | 9.83         | 509,400                | 7.89         |





## RATHI INDUSTRIES LTD.

(Amount in Rs.)

| Particulars  | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|--|-----------------------------|-----------------------------|
| <b>Note No. 10</b>   |                             |                             |
| <b>Other Equity</b>  |                             |                             |
| <b>(a) Capital reserves</b>                                      |                             |                             |
| <b>In respect of Revaluation of Land</b>                         |                             |                             |
| Balance as per last account                                      | 731,453,201                 | 731,453,201                 |
| Add: Addition on revaluation of fixed assets                     | -                           | -                           |
| Less: Utilised for set off against depreciation                  | -                           | -                           |
| <b>Closing balance</b>   | <b><u>731,453,201</u></b>   | <b><u>731,453,201</u></b>   |
| <b>(b) Surplus in statement of profit and loss</b>               |                             |                             |
| Balance as per last financial statement                          | 551,294,235                 | 510,554,164                 |
| Add: Net profit for the year as per Statement of profit and loss | 12,611,536                  | 40,740,071                  |
| Amount available for appropriation                               | 563,905,771                 | 551,294,235                 |
| Less: Appropriations:  |                             |                             |
| Proposed dividend  | -                           | -                           |
| Tax on proposed dividend   | -                           | -                           |
| Transfer to general reserve                                      | -                           | -                           |
| <b>Closing balance</b>   | <b><u>563,905,771</u></b>   | <b><u>551,294,235</u></b>   |
| <b>Total Other Equity (a+b)</b>                                  | <b><u>1,295,358,972</u></b> | <b><u>1,282,747,436</u></b> |



# RATHI INDUSTRIES LTD.

(Amount in Rs.)

| Particulars                           | Year ended 31st March, 2019 | Year ended 31st March, 2019 |
|---------------------------------------|-----------------------------|-----------------------------|
| <b>Note No. 11</b>                    |                             |                             |
| <b>Borrowings</b>                     |                             |                             |
| a) Long-term borrowings               |                             |                             |
| Secured Term Loan                     |                             |                             |
| i) From Bank of Baroda- Delhi.        | -                           | -                           |
| ii) From Jammu & Kashmir Bank- Delhi. | -                           | 12,500,000                  |
| iii) From South Indian Bank           | 151,508,961                 | -                           |
| iv) Vehicle Loans                     | 8,452,940                   | 9,467,651                   |
| Unsecured Loan                        |                             |                             |
| From other than banks                 | 159,052,656                 | 67,904,000                  |
| <b>Total</b>                          | <b>319,014,557</b>          | <b>89,871,651</b>           |

## b) Nature of securities for Secured Term Loan

- i) Term Loan of Rs. 162,000,000/- from The South Indian Bank Ltd., Ambedkar Road, Ghaziabad is secured by way of hypothecation of Land and Plant & Machinery and further guaranteed by two promoters of the Company.
- ii) Term Loans of Rs. 8,452,940/- are obtained to purchase the vehicles for Company against hypothecation of relevant vehicles.

## c) Terms of repayments

| Name of the banks/enties | Amount outstanding as on 31-03-2020 |             | Period of maturity w.r.t. Balance Sheet date | Number of Installments  | Amount of Installments | Rate of Interest |
|--------------------------|-------------------------------------|-------------|--|-------------------------|------------------------|------------------|
|                          | Current                             | Non-Current |  | Numbers of Installments |                        |                  |
| South Indian Bank Ltd    | 151,508,961                         | -           | 31.03.2028                                   | 81.00                   | 2000000                | 11.90%           |

| Particulars                     | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---------------------------------|-----------------------------|-----------------------------|
| <b>Note No. 12</b>              |                             |                             |
| <b>Provision</b>                |                             |                             |
| Provision for Employee benefits | 2,823,432                   | 1,958,766                   |
| Gratuity                        | 972,916                     | 494,820                     |
| Leave encashment                |                             |                             |
| <b>Total</b>                    | <b>3,796,348</b>            | <b>2,453,586</b>            |

## Note No. 13

### Deffered tax liabilities (Net)

#### Deffered tax liabilities:

|  |                   |                   |
|--|-------------------|-------------------|
| Related to Provision for Employee Benefits |                   | 135,565           |
| Related to Depreciation Difference         | 35,336,724        | 26,090,828        |
| <b>Total</b>                               | <b>35,336,724</b> | <b>26,226,393</b> |



## RATHI INDUSTRIES LTD.

(Amount in Rs.)

| Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|-------------|-----------------------------|-----------------------------|
|-------------|-----------------------------|-----------------------------|

### **Note No. 14**

#### **Other non-current liabilities**

|                                      |                           |                           |
|--------------------------------------|---------------------------|---------------------------|
| Payable to supplier of capital goods | 8,862,273                 | 19,436,259                |
| Security deposits                    | 76,610,000                | 117,425,000               |
| Advance Receipt against sale of land | 108,975,000               | 124,399,956               |
| <b>Total</b>                         | <b><u>194,447,273</u></b> | <b><u>261,261,215</u></b> |

### **Note No. 15**

#### **Borrowings**

##### **a) Short-term borrowings (Secured)**

Loans Repayable on demand from banks (Cash credit limit)

|   |                           |                           |
|---|---------------------------|---------------------------|
| i) From Jammu & Kashmir Bank Ltd.- Delhi. | 275,642,478               | 221,369,051               |
| ii) From Bank of Baroda- Delhi.           | 357,551,898               | 413,193,074               |
| iii) From Central Bank of India Gzb.      | -                         | -                         |
| <b>Total</b>                              | <b><u>633,194,376</u></b> | <b><u>634,562,125</u></b> |

##### **b) Nature of Securities**

Loans repayable on demand from Bank of Baroda and Jammu & Kashmir Bank Ltd. are secured by way of hypothecation of entire stock and other current assets including book debts, both present and future, of the company.

### **Note No. 16**

#### **Trade Payables**

|                             |                           |                           |
|-----------------------------|---------------------------|---------------------------|
| Micro and Small Enterprises |                           | 57,523,492                |
| Others                      | 102,459,157               | 181,055,646               |
| <b>Total</b>                | <b><u>102,459,157</u></b> | <b><u>238,579,138</u></b> |

### **Note No. 17**

#### **Other Current liabilities**

|                                   |                          |                          |
|-----------------------------------|--------------------------|--------------------------|
| Advance from customers and others | 17,605,323               | 30,655,416               |
| Statutory liabilities payable     | 3,836,065                | 11,348,080               |
| Unpaid salaries and other dues    | 5,003,012                | 3,873,486                |
| Miscellaneous expenses payable    | 15,786,815               | 373,901                  |
| <b>Total</b>                      | <b><u>42,231,215</u></b> | <b><u>46,250,883</u></b> |

### **Note No. 18**

#### **Provisions**

|              |                         |                          |
|--------------|-------------------------|--------------------------|
| Income Tax   | 4,527,686               | 11,137,699               |
| <b>Total</b> | <b><u>4,527,686</u></b> | <b><u>11,137,699</u></b> |



## RATHI INDUSTRIES LTD.

(Amount in Rs.)

| Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|-------------|-----------------------------|-----------------------------|
|-------------|-----------------------------|-----------------------------|

### **Note No. 19**

#### **Revenue from operations**

##### **Sale of goods (Net of Sales Return)**

|                    |                             |                             |
|--------------------|-----------------------------|-----------------------------|
| Manufactured goods |                             |                             |
| Iron & Steel       | 6,126,220,761               | 8,028,904,092               |
| Traded goods       |                             |                             |
| Iron & Steel       | 720,309,311                 | 1,379,020,558               |
| <b>Total</b>       | <b><u>6,846,530,072</u></b> | <b><u>9,407,924,650</u></b> |

### **Note No. 20**

#### **Other Income**

##### **Interest Income (Gross)**

|                           |           |         |
|---------------------------|-----------|---------|
| Fixed deposits with banks | 136,377   | 86,837  |
| Others                    | 2,144,041 | 718,650 |

##### **Other non-operating income**

|                           |                         |                         |
|---------------------------|-------------------------|-------------------------|
| Profit on sale of Land    | -                       | -                       |
| Profit on sale of Vehicle | 327,515                 | 221,564                 |
| Commission received       | -                       | -                       |
| Rent received             | 6,000,000               | 6,000,000               |
| Miscellaneous income      | 1,027,782               | 847,786                 |
| <b>Total</b>              | <b><u>9,635,715</u></b> | <b><u>7,874,837</u></b> |

### **Note No. 21**

#### **Cost of raw material consumed**

|                                      |                             |                             |
|--------------------------------------|-----------------------------|-----------------------------|
| Opening stock                        | 223,461,545                 | 157,852,825                 |
| Add: purchases                       | <u>5,361,912,995</u>        | <u>7,250,179,782</u>        |
|                                      | 5,585,374,540               | 7,408,032,607               |
| Less: Closing stock                  | 109,851,804                 | 223,461,545                 |
| <b>Cost of raw material consumed</b> | <b><u>5,475,522,736</u></b> | <b><u>7,184,571,062</u></b> |

### **Note No. 22**

#### **Purchases of stock-in-trade**

|                      |                           |                             |
|----------------------|---------------------------|-----------------------------|
| Trade Goods Purchase | 714,627,125               | 1,345,790,181               |
| <b>Total</b>         | <b><u>714,627,125</u></b> | <b><u>1,345,790,181</u></b> |



## RATHI INDUSTRIES LTD.

(Amount in Rs.)

| Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|-------------|-----------------------------|-----------------------------|
|-------------|-----------------------------|-----------------------------|

### **Note No. 23**

#### **Changes in inventories of finished goods and stock in trade**

##### **Finished goods**

|                     |                      |                   |
|---------------------|----------------------|-------------------|
| Opening stock       | 66,725,852           | 84,164,457        |
| Less: Closing stock | 213,519,034          | 66,725,852        |
|                     | <u>(146,793,182)</u> | <u>17,438,605</u> |

##### **Stock-in-trade**

|                     |                  |                   |
|---------------------|------------------|-------------------|
| Opening stock       | 6,245,273        | 23,834,507        |
| Less: Capitalised   | -                | -                 |
| Less: Closing stock | 1,330,241        | 6,245,273         |
|                     | <u>4,915,032</u> | <u>17,589,234</u> |

|              |                             |                          |
|--------------|-----------------------------|--------------------------|
| <b>Total</b> | <u><b>(141,878,150)</b></u> | <u><b>35,027,839</b></u> |
|--------------|-----------------------------|--------------------------|

### **Note No. 24**

#### **Employee benefits expenses**

|   |            |            |
|---|------------|------------|
| Salaries and wages                        | 51,827,281 | 46,620,280 |
| Contribution to provident and other funds | 2,865,509  | 2,268,222  |
| Staff welfare expenses                    | 199,947    | 72,185     |

|              |                          |                          |
|--------------|--------------------------|--------------------------|
| <b>Total</b> | <u><b>54,892,737</b></u> | <u><b>48,960,687</b></u> |
|--------------|--------------------------|--------------------------|

### **Note No. 25**

#### **Finance costs**

##### **Interest expenses**

|                          |            |            |
|--------------------------|------------|------------|
| On long term borrowings  | 3,697,837  | 2,516,085  |
| On short term borrowings | 72,723,271 | 64,579,156 |
| On others                | 8,541,984  | 1,974,892  |

|                       |         |         |
|-----------------------|---------|---------|
| Other borrowing costs | 376,671 | 502,904 |
|-----------------------|---------|---------|

|              |                          |                          |
|--------------|--------------------------|--------------------------|
| <b>Total</b> | <u><b>85,339,763</b></u> | <u><b>69,573,037</b></u> |
|--------------|--------------------------|--------------------------|



## RATHI INDUSTRIES LTD.

(Amount in Rs.)

| Particulars                           | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---------------------------------------|-----------------------------|-----------------------------|
| <b>Note No. 26</b>                    |                             |                             |
| <b><u>Other expenses</u></b>          |                             |                             |
| Consumption of stores and spare parts | 33,676,627                  | 35,985,791                  |
| Power and fuel                        | 423,267,992                 | 457,852,024                 |
| Rent                                  | 1,815,113                   | 1,114,500                   |
| Repairs to:                           |                             |                             |
| Machinery                             | 1,885,369                   | 382,304                     |
| Others                                | 1,062,021                   | 2,032,498                   |
| Vehicle Running & Maintenance         | 1,354,562                   | 2,777,602                   |
| Insurance                             | 666,642                     | 699,171                     |
| Rates and taxes                       | 435,847                     | 163,570                     |
| Payments to auditors:                 |                             |                             |
| For statutory audit                   | 250,000                     | 250,000                     |
| For tax audit                         | 20,000                      | 20,000                      |
| Payment to cost auditors              | 35,000                      | 35,000                      |
| Payment to Internal audit             | 20,000                      | 88,140,526                  |
| Miscellaneous expenses                | 57,888,866                  | 8,764,524                   |
| Commission paid                       | 5,952,275                   | 15,283,838                  |
| Selling expenses                      | 22,964,174                  |                             |
| <b>Total</b>                          | <b><u>551,294,488</u></b>   | <b><u>613,501,348</u></b>   |

## **Note No. 27** **Deffered Tax**

|                           |                         |                         |
|---------------------------|-------------------------|-------------------------|
| Deffered Tax for the year | 9,245,896               | 2,223,395               |
| <b>Total</b>              | <b><u>9,245,896</u></b> | <b><u>2,223,395</u></b> |



## RATHI INDUSTRIES LTD.

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### NOTE NO. : 28

### (NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020)

#### (I) Company Information

Rathi Industries Ltd. (the Company) is a public limited company incorporated on 29.11.1991 under the provisions of Companies Act, 1956 having its registered office at New Delhi. The Company is engaged in re-rolling activities particularly manufacturing & selling of M.S. Bars (TMT) under the brand name “**RATHI STELMAX**”. The Company's operation includes four rolling mills installed at their plant situated at G.T. Road, Chhapraulla, Gautam Budh Nagar (U.P.).

#### (II) Basis of Preparation

The financial statements of the Company have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply in all material aspects with the Indian Accounting Standards ('Ind AS') including the rules notified under the relevant provisions of the Companies Act, 2013. Company's financial statements are presented in Indian Rupees, which is also its functional currency.

#### (III) Significant Accounting Policies

##### **A. Property Plant & Equipment**

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work-in-Progress.

Depreciation on Property, Plant & Equipment is provided to the extent of depreciable amount on the Straight Line Method (SLM). Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

In respect of additions or extensions forming an integral part of existing assets, depreciation is provided as aforesaid over the residual life of the respective assets.

##### **Dismantlement of plant:**

The Company is in process of modernisation of its plant situated at Chhapraulla Gautam Budh Nagar.



## RATHI INDUSTRIES LTD.

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During the process of above modernisation in current year, a loss of Rs. 77,96,903/- has been booked on account of scrap of plant dismantlement.

### **B. Use of Estimates**

The preparation of Financial Statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the Financial Statements and the reported amount of revenues and expenses during the reporting year. Accounting estimates could change from period to period. Actual results could differ from those estimated. Appropriate changes in estimates are made as the Management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

### **C. Inventories**

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition.

### **D. Investments**

Investment has been valued at cost. The cost comprises purchase price and directly attributable acquisition charges.

### **E. Cash Flow Statement**

Cash flows are reported using the Indirect Method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents

### **F. Revenue Recognition**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue from operations includes sale of goods, excise duty and adjusted for discounts (net), and gain/loss on corresponding hedge contracts.





## RATHI INDUSTRIES LTD.

Interest income: Interest income from a financial asset is recognised using effective interest rate method.

### (IV) Employee Benefits

As per Indian Accounting Standard 19 “Employee Benefits”, the disclosure of Employee Benefits as defined in the Accounting Standard are given below:-

#### (i) **Defined Contribution Plan**

Contribution payable to recognized provident fund, superannuation scheme, family pension scheme which are substantially defined contribution plans, are recognized as expense in statement of profit & loss, as they are incurred:

| Particulars                                      | (Amount in Rs.) |           |
|--|-----------------|-----------|
|  | 2019-20         | 2018-19   |
| Employer’s Contribution to Provident Fund        | 250,814         | 718,717   |
| Employer’s Contribution to Family Pension Scheme | 362,979         | 1,549,505 |
| Employer’s Contribution to ESI                   | 95,005          | 910,130   |

#### (ii) **Defined Benefit Plan**

The obligation in respect of defined benefit plans, which are Gratuity, Pension, Leave Encashment Benefit, are provided on actuary basis at the end of each financial year. The liability recognized in the balance sheet for defined benefit obligations are as under:-

| Particulars              | (Amount in Rs.) |           |
|--------------------------|-----------------|-----------|
|                          | 2019-20         | 2018-19   |
| Gratuity                 | 2,823,432       | 1,958,766 |
| Leave Encashment Benefit | 972,916         | 494,820   |

### (V) Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

### (VI) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the



## RATHI INDUSTRIES LTD.

equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

| Particulars                                     | 2019-20    | (Amount in Rs.)<br>2018-19 |
|---|------------|----------------------------|
|   |            |                            |
| Net Profit/ (Loss) as per Profit & Loss Account | 12,611,536 | 40,740,071                 |
| Number of Equity shares                         | 64,60,000  | 64,60,000                  |
| Basic E.P.S. (In Rs.)                           | 1.95       | 6.31                       |
| Diluted E.P.S. (In Rs.)                         | 1.95       | 6.31                       |

### (VII) Particulars of Consumption of Raw Materials and Stores

| Particulars   | 2019-20              |            | 2018-19              |            |
|---------------|----------------------|------------|----------------------|------------|
|               | Value (Rs.)          | %          | Value (Rs.)          | %          |
| Raw Materials |                      |            |                      |            |
| i) Indigenous | 5,475,522,736        | 100        | 7,184,571,062        | 100        |
| ii) Imported  |                      | 0          | 0                    | 0          |
| <b>Total</b>  | <b>5,475,522,736</b> | <b>100</b> | <b>7,184,571,062</b> | <b>100</b> |
|               |                      |            |                      |            |
| Stores        |                      |            |                      |            |
| i) Indigenous | 33,676,627           | 100        | 35,985,791           | 100        |
| ii) Imported  | 0                    | 0          | 0                    | 0          |
| <b>Total</b>  | <b>33,676,627</b>    | <b>100</b> | <b>35,985,791</b>    | <b>100</b> |



## RATHI INDUSTRIES LTD.

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### (VIII) CIF Value of Imports/Exports

There was not any import or export made by the company during the year as well as in immediately preceding year.

### (IX) Segment Information

There is only one primary segment (MS Bars) and disclosure regarding segment reporting is not applicable.

### (X) Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The Company called for the information from creditors regarding their status as to small scale undertaking, in order to make the required disclosure. Cases where no response received, it is assumed that they are not covered under the definition of Micro and Small Enterprises. Total outstanding to Micro and Small Enterprises as on 31.3.2020 is Nil.

#### **Exceptional items:**

The company has earned profit before exceptional items Rs. 62,182,021/- and Profit before Tax Rs. 26,385,118/-. An amount of Rs. 35,796,903/- has been charged under exceptional items towards liability raised by GAIL for Rs. 28,000,000/- and dismantlement of plant Rs. 7,796,903/-.

### (XI) Impact of Covid -19

The Manufacturing facilities of the Company at Chhapraula, Gautam Budh Nagar was shut down on 23 March, 2020 following countrywide lockdown due to COVID-19. With easing of some restrictions, the Company restarted the manufacturing activity of steel bars operations at the Chhapraula, Gautam Budh Nagar plant with effect from 23<sup>rd</sup> May, 2020.

The Company has considered the impact of COVID 19 in preparation of the financial results. The Company has evaluated its assessment of the possible effects on the carrying amounts of property, plant and equipment, inventory and receivables. The Company, has considered internal and external sources of information and determined, exercising reasonable estimates and judgments, that the carrying amounts of these assets are recoverable. Having regard to the above, and the company's liquidity position, there is no material uncertainty in meeting the financial obligations over the foreseeable future.

### (XII) The company has reclassified previous year figures to confirm to this year's classification.



**RATHI INDUSTRIES LTD.**

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**(XIII)** Notes to Financial Statements 1 to 28 forms an integral part of the Balance Sheet and Statement of Profit & Loss in our Report of even date.

**As Per Our Report of Even Date Attached**  
**For Gupta Verma & Sethi**  
**Chartered Accountants**  
**FRN: 002605N**

**(CA. S.C.SHARMA)**  
**Partner**  
Membership No. 083982

**Sangram Singh**  
(Whole Time Director)  
DIN: 01188132

**Vikas Rathi**  
(Director)  
DIN: 01188409

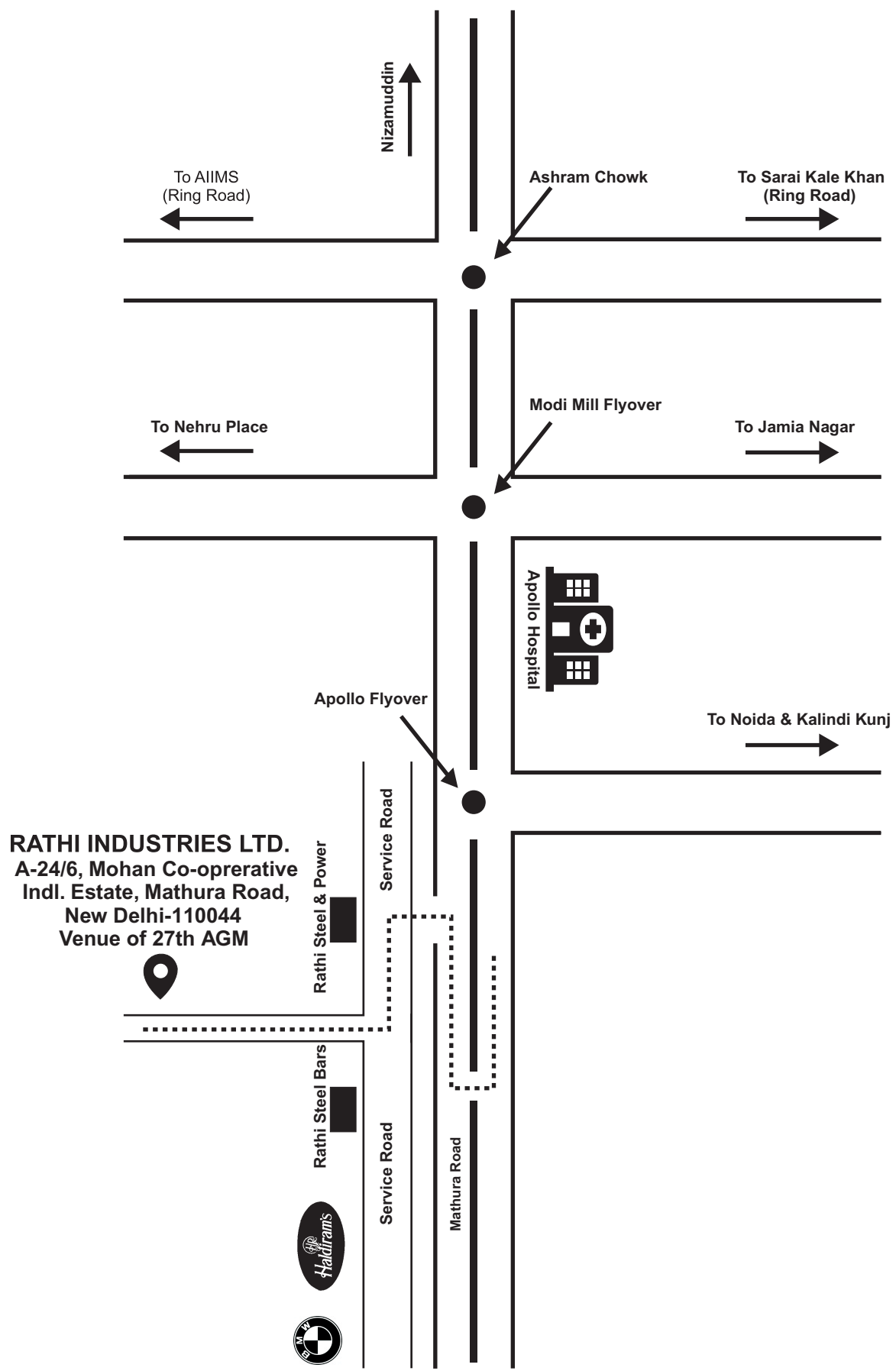
Place: New Delhi  
**Date: 26<sup>th</sup> August, 2020**

**Vinay Rathi**  
(Chief Financial Officer)

**Parveen Sharma**  
(Company Secretary)



**ROAD MAP**









## RATHI INDUSTRIES LTD.

### RATHI INDUSTRIES LIMITED

CIN: L74899DL1991PLC046570

Regd. Office: A-24/6, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044

Tel. No.011-46569307, Fax No.011-46569307

Website: rathistelmax.com, E-mail id: rathiindustriesltd@rediffmail.com

### PROXY FORM (FORM MGT – 11)

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

|                        |  |
|------------------------|--|
| Name of the member(s): |  |
| Registered address:    |  |
| E- mail ID             |  |
| Folio No./Client ID    |  |
| DP ID                  |  |

I/We being the member(s) of..... shares of the above named company hereby appoint:

- Name: ..... E-mail ID: .....  
Address: ..... Signature .....  
or failing him/her
- Name: ..... E-mail ID: .....  
Address: ..... Signature .....  
or failing him/her
- Name: ..... E-mail ID: .....  
Address: ..... Signature .....

and whose signatures are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held on the Thursday, the 31<sup>st</sup> day of December, 2020 at 3.00 p.m. at A-24/6, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No.    | Particulars   | Optional* |         |
|-------------------|---|-----------|---------|
| Ordinary Business |   | For       | Against |
| 1                 | To adopt the Audited Financial Statements for thefinancial year 2019-20 |           |         |
| 2                 | To re –appoint Mr. VinayRathi (DIN: 00137502) as Director               |           |         |
| Special Business  |   |           |         |
| 3                 | To approve Remuneration of Cost Auditors M/s. Avnesh Jain & Co.         |           |         |
| 4                 | To regularize the appointment of Ms. Mona Gupta                         |           |         |
| 5                 | To pass the resolution u/s 185 of Companies Act; 2013                   |           |         |
| 6                 | To pass the resolution u/s 180(1)(a) of Companies Act; 2013             |           |         |





## RATHI INDUSTRIES LTD.

|   |   |  |  |
|---|---|--|--|
| 7 | To pass the resolution u/s 180(1)(c) of Companies Act; 2013 |  |  |
| 8 | To pass the resolution u/s 186 of Companies Act; 2013       |  |  |
| 9 | To re-appoint Mr. Ghanshyam Tiwari as Independent Director  |  |  |

Signed this .....day of .....2020.

Signature of shareholder: .....

Affix  
Rupee 1/-  
Revenue  
Stamp

Signatures of proxy holders: .....

Notes:

1. The proxy form duly signed across the Revenue Stamp must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
2. A proxy need not be a member of the Company.
3. \* This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.



### RATHI INDUSTRIES LIMITED

CIN: L74899DL1991PLC046570

Regd. Office: A-24/6, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044

Tel. No.011-46569307, Fax No.011-46569307

Website: rathistelmax.com, E-mail id: rathiindustriesltd@rediffmail.com

### ATTENDANCE SLIP

#### 28<sup>TH</sup> ANNUAL GENERAL MEETING

I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of the Company held on Thursday, 31<sup>st</sup> day of December, 2020 at 3.00 p.m. at the A-24/6, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044.

Full name of the Member ..... Signature .....

Member's Folio/DP ID - Client ID No. ....

Full name of the Proxy ..... Signature .....

No. of shares held .....

- Note:**
1. this attendance slip duly filled in should be handed over at the entrance of the meeting hall.
  2. Member/Proxy holders are requested to bring their copy of Annual Report for reference at the meeting.
  3. Entry accompanying children/non-members will not be allowed.

