

# **RAKAN STEELS LIMITED**

**(CIN : L27320UP1985PLC007582)**

**23<sup>RD</sup> ANNUAL REPORT 2009-2010**

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## **CHAIRMAN'S MESSAGE**

Dear Shareholders,

It is my pleasure to share with you the performance of your Company for the financial year 2009-10. Your Company has earned profits of Rs. 538.66 Lacs.

Financial Year 2009-10 has been a challenging year despite of this your company was able to sustain the economic slowdown and the adverse market condition yet able to achieve good results.

Your Company follows strong corporate value and high quality in service. It has responded well with reasonably good growth in Business and in a manner which is beneficial to all Stakeholders.

Your Company is very keen to identify, and create new opportunities for the growth of business. In this regard, I, along with all Board Members join each and every stakeholder of the Company with great commitment and also look forward to your continued support in the fulfillment of objectives of the Company.

With warm wishes,

-Sd-  
(Sanjeev Agarwal )

Director

## **BOARD OF DIRECTORS**

Mr. SANJEEV AGARWAL  
Mr. RAMJI LAL SHARMA  
Mr. UMA SHANKER DIXIT

Executive Director/Promoter Group  
Non Executive /Independent director  
Non Executive /Independent director

## **AUDITOR**

VISHAL MAHESHWARI & COMPANY,  
205-A, ANAND TOWER,  
117/K/13, SARVODAYA NAGAR,  
KANPUR-208025

## **BANKER**

STATE BANK OF INDIA

## **REGISTERED OFFICE**

77/39, COOLIE BAZAR  
KANPUR-208001

## **E-MAIL I.D. & CONTACT NO. FOR INVESTORS**

[V1maheshwari@rediffmail.com](mailto:V1maheshwari@rediffmail.com),

## MANAGEMENT DISCUSSION &

## ANALYSIS

### ECONOMIC CONDITION

The Indian economy grew at a rate lower than the trend average of the last 10 years due to overhang of lower capital expenditure and investments, tight monetary policy and sluggish demand conditions in critical sectors such as automotive, infrastructure and construction. There are significant expectations of the new Government to pursue further economic reforms, investments in infrastructure and an inclusive growth agenda to revive the economy.

### BUSINESS OVERVIEW

The Company is of opinion that there is ample opportunity to work for the objective of the Company. It has prepared itself to meet all the future challenges and be focused on its vision.

### PERFORMANCE

The performance of Company for the financial year 2009-10 has been satisfactory. The Company has endured to make good profits of Rs. 538.66 Lacs even under adverse market conditions.

### OUTLOOK

The company has strategically re-aligned itself towards the steel and iron business. The Company is of opinion that there is huge potential in this field. Company, with its experience and expertise can create a niche and excel.

### RISK AND CONCERNS

The company is fully aware of the risk factors which have serious impact on its operations and profitability. It assesses internal as well as external environment and implements adequate risk management measures. The company takes special care of inflation risk, NPA and competition.

### INTERNAL CONTROL SYSTEM

The Company has proper internal control system. Audit committee of the Company oversees the internal audit function and the internal control system. The Company ensures strict compliance of applicable laws and regulation for financial transactions.

### HUMAN RESOURCE CAPITAL

The company employs best talents, nurtures them and recognizes their effort in the success of company.

### DISCLAIMER

The statements and projections made in this report may vary depending on the economic conditions, government policies, and other factors beyond the control of the Company. Company is not under any obligation to amend, modify or revise any statement.

## REPORT ON CORPORATE

## GOVERNANCE

Your Company is committed to the adoption of best governance practices and its adherence in the true letter and spirit at all times and envisages the attainment of high level of accountability and transparency in the functioning of the Company.

The Company has complied with the most of the requirements of Corporate Governance as laid down under the applicable Clause 49 of the Listing Agreements with the Stock Exchanges.

### 1. BOARD OF DIRECTORS

As on the date of publishing of this Report, the Board of the Company comprises of five Directors having three Directors as Non-executive Independent Directors and two Directors as Promoter Executive Director which are as follows:

<b>SL NO.</b>	<b>NAME</b>	<b>DESIGNATION</b>
1	Mr. SANJEEV AGARWAL	Executive/Promoter Director
2	Mr. RAMJI LAL SHARMA	Non-Executive/Independent Director
3	Mr. UMA SHANKER DIXIT	Non-Executive/Independent Director

### DIRECTORSHIPS

<b>NAME OF DIRECTOR</b>	<b>CATEGORY OF DIRECTORSHIP</b>	<b>DATE OF APPOINTMENT</b>	<b>NO. OF DIRECTORSHIPS HELD IN OTHER COMPANIES</b>
Mr. SANJEEV AGARWAL	Executive Director/Promoter	16/12/1985	0
Mr. UMA SHANKER DIXIT	Non Executive Independent Director	15/09/2004	0
Mr. RAMJI LAL SHARMA	Non Executive Independent Director	20/08/2009	0

### NUMBER OF BOARD MEETINGS

During the year the Board met 6 times on 01.04.2009, 30.06.2009, 20.08.2009, 02.09.2009, 31.12.2009 and 31.03.2010. The maximum gap between two successive board meetings did not exceed 4 months.

## DIRECTORS ATTENDANCE RECORD

The Composition and category of the Directors on the Board, and their attendance record at the Board meetings and the last Annual General Meeting during the year are as follows:

Name of Director	Category of Directorship	No. of Board Meeting held	No. of Board Meeting attended	Last AGM Attended	Other Committees
Mr. Ramji Lal Sharma	Independent Director	6	3	Yes	<ul style="list-style-type: none"><li>• Audit Committee – Chairman</li><li>• Nomination And Remuneration Committee – Chairman</li><li>• Stakeholder’s Relationship Committee - Member</li></ul>
Mr. Sanjeev Agarwal	Executive Director/Promoter	6	6	Yes	<ul style="list-style-type: none"><li>• Audit Committee – Member</li><li>• Stakeholder’s Relationship Committee - Member</li></ul>
Mr. Uma Shanker Dixit	Executive Director/Promoter	6	2	Yes	<ul style="list-style-type: none"><li>• Audit Committee – Member</li><li>• Nomination And Remuneration Committee - Member</li><li>• Stakeholder’s Relationship Committee - Member</li></ul>

## DISCLOSURES REGARDING APPOINTMENT/RE-APPOINTMENT

As per Section 255 read with Section 256 of the Companies Act, 1956, two third of the Directors should retire by rotation. One third of these Directors are required to retire every year and if eligible they can offer themselves for reappointment. Accordingly Mr. Uma Shanker Dixit Director, is liable to retire by rotation and offers herself for reappointment subject to approval of members in general meeting.

### **2. COMMITTEES OF THE BOARD**

#### **• AUDIT COMMITTEE**

The Constitution and terms of reference of Audit Committee meet the requirement of Clause 49 of the Listing Agreement read with the provisions of Section 292A of the Companies Act, 1956.

The Composition of Audit Committee is as mentioned herein below:

SL NO.	NAME OF DIRECTOR	DESIGNATED POSITION IN THE
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		<b>COMMITTEE</b>
1.	Mr. Ram ji Lal Sharma	Chairman
2.	Mr. Uma Shanker Dixit	Member
3.	Mr. Sanjeev Agarwal	Member

- **REMUNARATION COMMITTEE**

The composition of remuneration committee is as follows:

<b>SL NO.</b>	<b>NAME OF DIRECTOR</b>	<b>DESIGNATED POSITION IN THE COMMITTEE</b>
1.	Mr. Ram ji Lal Sharma	Chairman
2.	Mr .Uma Shanker Dixit	Member
3	Mr. Sanjeev Agarwal	Member

**DETAILS OF REMUNARATION TO THE DIRECTORS**

<b>SL NO</b>	<b>Name and designation</b>	<b>Salary (p.a.)</b>	<b>Other Benefits</b>	<b>Total</b>
1.	Mr. Uma Shanker Dixit Independent Director	NIL	NIL	NIL
2.	Mr. Ram ji Lal Sharma Independent Director	NIL	NIL	NIL
3.	Mr. Sanjeev Agarwal Director	NIL	NIL	NIL

- **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Composition of shareholder/investor's grievance committee is as follows:

<b>SL NO.</b>	<b>NAME OF DIRECTOR</b>	<b>DESIGNATED POSITION IN THE COMMITTEE</b>
1.	Mr. Ram ji Lal Sharma	Chairman
2.	Mr. Uma Shanker Dixit	Member
3.	Mr. Sanjeev Agarwal	Member

**Complaints Received/ Resolved:**

During the period under review, one complaint was received by the Company which is pending and will be resolved at the earliest.

**3. GENERAL BODY MEETINGS**

Details regarding the last three Annual General Meetings are as follows:

<b>Financial year</b>	<b>Date of Meeting</b>	<b>Venue of Meeting</b>	<b>Timing of Meeting</b>
2008-09	30.09.2010	77/39, Coolie, Bazar, Kanpur	11.00 A.M.
2007-08	30.09.2009	77/39, Coolie, Bazar, Kanpur	11.00 A.M.



2006-07	30.09.2008	77/39, Coolie, Bazar, Kanpur	11:00 A.M.
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No Extraordinary General Meeting of the Company was held during the year.

#### DETAILS OF SPECIAL RESOLUTION IN THE LAST THREE AGM

No special resolutions have been passed by the Company during the last 3 Financial Years.

#### DETAILS OF SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT PROCESS

There is no resolution passed through postal ballot process at the ensuing Annual General Meeting.

#### **4. DISCLOSURES**

The Company has complied with most of the mandatory requirements of Clause 49 of the Listing Agreement.

#### **5. MEANS OF COMMUNICATION**

The Company has timely published its quarterly results in the newspapers and the same were also sent to all the Stock Exchanges where the Equity shares of the Company are listed.

#### **6. GENERAL SHARE HOLDER INFORMATION**

- I. **Annual General Meeting** : Date - September 30<sup>th</sup>, 2010.  
Day - Thursday  
Time - 11:00 A.M.  
Venue - 77/39, COOLIE BAZAR,  
KANPUR
- II. **Financial Year** : 1<sup>st</sup> April 2010- 31<sup>st</sup> March 2011
- III. **Date of book closure** : 24.09.2011 to 30.09.2011
- IV. **Dividend payment date** : N/A

The Directors of the company are of the opinion not to declare dividend for the financial year.

- V. **Listing on Stock Exchange:** The Uttar Pradesh Stock Exchange Association, Kanpur.

- VI. **Market Price:** The Shares of the Company are not being traded on Stock Exchanges. Hence no market price can be determined.
- VII. **Registrar and Transfer Agent:** The Company has its inbuilt Share Registry system for registering share transfers/transmission requests and other shareholders' correspondences. However the Company is also in process of appointing its Registrar & Transfer Agent.
- VIII. **Share Transfer System:** After the appointment of Registrar & Transfer Agent, the Company would provide a common agency for Share Registration and Transfer within due course of time, subject to the validity and completeness of documents in all respect.
- IX. **Distribution of shareholding:**

Shareholding pattern of the Company as on 31<sup>st</sup> March, 2010.

Category	No. of Shares	Percentage of Holding
Govt(Central & States)	0	0
Govt Companies	0	0
Public financial institution	0	0
Nationalized/Other Institutions/Bank	905429	27.95
Mutual Funds	0	0
Venture Capital	0	0
Foreign Holding	0	0
Bodies Corporate	978041	30.19
Directors/Relative	707415	21.83
Others	6,49,115	20.03
<b>TOTAL</b>	<b>32,40,000</b>	<b>100</b>

- X. **Dematerialization of Shares and Liquidity:**  
100% of the shares of Company are in physical form.
- XI. **Address for correspondence:**  
77/39, COOLIE BAZAAR, KANPUR
- XII. **CEO/CFO Certification:**  
In terms of the requirements of Clause 49(V) of the Listing Agreement, the CEO of the Company have submitted necessary certificate to the Board at its meeting held on 02.09.2010 stating the particulars specified under the said clause.

7. **CORPORATE SOCIAL**

**RESPONSIBILITY**

Taking into consideration the limited means and resources available to the Company, your management take all the initiative and endeavor towards Corporate Social Responsibility by promoting various schemes of Social welfare.

By the Order and on behalf of the Board of Directors

PLACE: KANPUR  
DATE : 02.09.2010

Sd/-  
**(Ramji Lal Sharma)**  
Director

Sd/-  
**(Sanjeev Agarwal)**  
Director

# RAKAN STEELS LIMITED

REGD. OFF: 77/39, COOLIE BAZAR, KANPUR

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## NOTICE

*Notice is hereby given that the Annual General Meeting of Rakan Steels Limited will be held on 30<sup>th</sup> September, 2010 at 11:00 A.M. at the Registered Office of the Company to transact the following business:-*

### ORDINARY BUSINESS

- i) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2010 and Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
- ii) To re-appoint the Auditor M/s Vishal Maheshwari & Company, Chartered Accountants, retiring auditor of the Company, as the auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.
- iii) To appoint Director in place of Mr. Uma Shanker Dixit, who retire by rotation and offer himself eligible for re-appointment.

By the Order and on Behalf of the Board of Directors  
**RAKAN STEELS LIMITED**

Sd/-  
Sanjeev Agarwal  
Director

PLACE: Kanpur  
DATE: 02.09.2010

### **NOTES:**

1. Members are entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company under the Companies Act 1956.
2. The instrument appointing the proxy should be deposited at the Registered Office of Company before 48 hours of the commencement of the meeting.
3. Shareholders seeking any further information on the accounts and operations of the Company at the Annual General Meeting are requested to send their queries to the Company at the Registered Office at least seven days before the date of the meeting.
4. The Company will close its registers from 24.09.2010 to 30.09.2010.

# RAKAN STEELS LIMITED

REGD. OFF: 77/39, COOLIE BAZAR, KANPUR

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## DIRECTORS REPORT

Dear Shareholders,

Your Directors are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended on 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS:

	<u>2008-2009</u> (Rs. in lacs)	<u>2009-2010</u> (Rs. in lacs)
Other Income	0.90	539.69
Profit/(Loss) before interest & depreciation	(0.18)	538.66
Interest	0.00	0.00
Depreciation	0.00	0.00
Profit/(loss) before tax	(0.18)	538.66
Less:		
Provision for taxation	0.00	0.00
<b>Profit/(Loss) after tax</b>	<b>(0.18)</b>	<b>538.66</b>

### OPERATIONAL RESULTS

During the Financial year, the Company has generated an income of Rs. 539.69 Lacs as compared to the previous year income of Rs. 0.90 Lacs and earned a profit of Rs. 538.66 as compared to the previous year loss of Rs. 0.18 Lacs. Your directors are trying to improve the performance of the company and hope for better results in the next financial year.

### DIVIDEND

In view to conserve the financial resources of the Company for meeting financial requirements for future business projects it was decided by your director not to declare any dividend.

### FIXED DEPOSIT

Your Company has not accepted any deposit prescribed U/s 58A of the Companies Act 1956 during the financial year.

### AUDITORS

M/s Vishal Maheshwari & Company, Chartered Accountants, from whom the Company has received a Certificate, if their appointment is made shall be with in limit as laid down 224(1B) of the Companies Act, 1956 and M/s Vishal Maheshwari & Company, Chartered Accountants, is eligible offer for re-appointment.

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# RAKAN STEELS LIMITED

REGD. OFF: 77/39, COOLIE BAZAR, KANPUR

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## **RESPONSIBILITY STATEMENT AOF THE BOARD OF DIRECTORS**

As stipulated in Section 217(2AA) of Companies Act 1956, your Directors subscribe to the Directors Responsibility statement and confirm as under:

- i. That the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period.
- iii That the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv That the Directors have prepared the Annual Accounts on a going concern basis.

## **INDUSTRIAL RELATIONS:**

During the period under review the relation between employee and Management remained cordial.

## **DIRECTOR**

The Board was duly constituted; there was no change in the composition of the Board. Mr. Uma Shanker Dixit, Director of the Company is liable to be retire by rotation at the ensuing AGM and he offers himself eligible for re-appointment. None of the Director of the Company is disqualified u/s 274(1)(g) of the Companies Act, 1956.

## **AUDITORS REPORT**

The observations, as per Auditors Report are self explanatory and do not call any further clarification from directors.

## **RISK AND INTERNAL ADEQUACY:**

The Company has adequate internal control procedures commensurate with its size and nature of its business. The Board of Directors periodically reviews the audit plans, internal audit reports, adequacy of internal control and mismanagement.

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# RAKAN STEELS LIMITED

REGD. OFF: 77/39, COOLIE BAZAR, KANPUR

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## **LISTING OF SHARES:**

The Company's shares are listed with the Uttar Pradesh Stock Exchange Association Limited, Padam Tower, 14/113, Civil Lines, Kanpur and other regional stock exchanges although trading of shares of the Company is suspended in the exchanges.

## **COMPLIANCE CERTIFICATE:**

The Compliance Certificate obtained from Practicing Company Secretary under the provision of section 383A of the act is being annexed along with the report.

## **ACKNOWLEDGEMENTS:**

Yours Directors acknowledge with thanks for the co-operation and assistance what so ever received from employees, members, banks and Govt. Authorities.

By the Order and on Behalf of the Board of Directors  
**RAKAN STEELS LIMITED**

Sd/-	Sd/-
Sanjeev Agarwal	Ramji Lal Sharma
Director	Director

PLACE: Kanpur  
DATE: 02.09.2010

## **ANNEXURES TO DIRECTOR REPORT**

### **ANNEXURE - I**

Disclosure under Section 217(1)(e) of the Companies( Disclosure of particulars in the report of the Board of Directors) Rules, 1988:

#### **CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO.**

##### **A. CONSERVATION OF ENERGY :**

Though the Company has not done any operational activity during the financial year as such the question of conservation of energy do not arise.

##### **B. RESEARCH AND DEVELOPMENT**

The Company has its own inbuilt research and development system for developing security measures to avoid counter feeding/fraudulent encashment of security documents printed by the Company.

##### **C. FOREIGN EXCHANGE EARNING AND OUTGO: NIL**

### **ANNEXURE – II**

Disclosure under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975:

As none of the employee of the Company was in receipt of or entitled to receive remuneration in excess of the limits, prescribed, information as per Section 217(2A) of the Companies Act, 1956 read with (Particulars of Employees) Rules, 1975 as amended, are not required to be given.

#### **DECLARATION REGARDING ADHERENCE TO THE CODE OF CONDUCT**

As provide under Clause 49 of the Listing Agreement with the Stock Exchanges, all the Board Members and Senior Management Personnel have confirmed compliance with the code of conduct for the year ended March 31, 2010.

By the Order and on behalf of the Board of Directors

PLACE: KANPUR  
DATE : 02.09.2010

**Sanjeev Agarwal**  
Director

Sd/-  
**(Ramji Lal Sharma)**  
Director



**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of

**Rakan Steels Limited**

We have examined the companies of conditions of Corporate Government by Rakan Steels Limited for the year ended on 31<sup>st</sup> March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanation given to us and representations made by the management, we certify that the Company has complied with the condition of Corporate Governance as Stipulated in Clause 49.

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

For VISHAL MAHESHWARI & CO.  
Chartered Accountants

SD/-

(CAVISHAL MAHESHWARI)

Proprietor

M.No.-076685

FRN-007952C

Place: Kanpur

Date: 02.09.2010

# **RAKAN STEELS LIMITED**

REGD. OFF: 77/39, COOLIE BAZAR, KANPUR  
CIN: L27320UP1985PLC007582

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## **ATTENDANCE SLIP**

(To be presented at the entrance)

Reg. Folio No.:

No. of Shares held :

I certify that I am a member/proxy of the Company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company to be held ON 77/39, Coolie Bazar, Kanpur on Thursday, the 30<sup>th</sup> Day of September, 2010 at 11.00 a.m.

Member's/Proxy's name in BLOCK letters

Signature of Member/Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the venue for the meeting.

# RAKAN STEELS LIMITED

REGD. OFF: 77/39, COOLIE BAZAR, KANPUR

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## PROXY FORM

Reg. Folio No.:

I/We ..... of ..... in the district of ..... being a member/members of the above named company, hereby appoint ..... of ..... in the district of ..... or falling him..... of ..... in the district of ..... as my/our Proxy to attend and vote for me/us on my/our behalf at the 23<sup>RD</sup> ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 30<sup>th</sup> Day of September, 2010 at 11.00 a.m. and at any adjournment(s) thereof.

Signed this ..... day of ....., 2010.

Affix  
Revenue  
Stamp

Signature.....

Note: This Proxy form, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

# VISHAL MAHESHWARI & COMPANY

CHARTERED ACCOUNTANTS

205-A, Anand Tower, 117/K/13, Sarvodaya Nagar, Kanpur – 208025.

Phone : 0512-3075573, 9935593363.


## TO THE MEMBERS OF RAKAN STEELS LIMITED

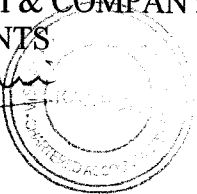
I have audited the attached Balance Sheet of RAKAN STEELS LIMITED as at 31<sup>st</sup> March 2010, and the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

- 1) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies act, 1956, I enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- 2) Further to my comments in the Annexure referred to above, I report that:
  - a) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of the audit.
  - b) In my opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from my examination of those books.
  - c) The Balance Sheet, Profit and Loss account dealt with by this report are in agreement with the books of account.
  - d) In my opinion, the balance sheet, Profit and Loss account dealt with by this report are in compliance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956, except for those mentioned in Notes on Account.
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2010 and taken on records by the Board of Directors, I report that none of the Directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  - f) In my opinion and to the best of our information and according to the explanations given to me, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - a) In the case of Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
    - b) In the case of the Profit & Loss Account of the profit for the year ended on that date.
    - c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For VISHAL MAHESHWARI & COMPANY  
CHARTERED ACCOUNTANTS

  
( VISHAL MAHESHWARI )  
Proprietor



M.No. : 076685  
FR No.:007952C

Place : Kanpur.  
Date : 02.09.2010.

# **VISHAL MAHESHWARI & COMPANY**

**CHARTERED ACCOUNTANTS**

**205-A, Anand Tower, 117/K/13, Sarvodaya Nagar, Kanpur – 208025.**

**Phone : 0512-3075573, 9935593363.**

## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. In respect of its fixed assets :
  - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to me, all the fixed assets have been physically verified by the management in a phased periodical manner, which in my opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In my opinion, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected. However, land was converted into stock-in-trade during the year.
2. In respect of its inventories:
  - a) The inventories have been physically verified during the year by the management. In my opinion frequency of verification is reasonable.
  - b) In my opinion and according to the information and explanations given to me, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of inventories. As explained to me, there were no material discrepancies noticed on physical verification as compared to the book records.
3. In my opinion and according to the information and explanations given to me, there are no loans, secured or unsecured, granted or taken by the company to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In my opinion and according to the information and explanations given to me, there was no sale/purchase during the year.
5. In my opinion and according to the information and explanations given to me, there are no contracts or arrangements, particulars of which need to be entered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, the requirement of clause (v)(b) of paragraph 4 of the order is not applicable.
6. According to the information and explanations given to me, the company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the order are not applicable to the company.
7. In my opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 in respect of manufacturing activities of the Company.
9. The company have accumulated losses not exceeding fifty percent of its Net worth at the end of the financial year. The company has not incurred cash losses during the financial year covered by the audit but in the immediately preceding financial year there was cash loss.
10. Based on our audit procedures and according to the information and explanations given to me, I am of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks.

# **VISHAL MAHESHWARI & COMPANY**

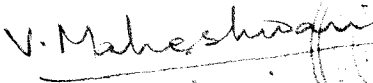
CHARTERED ACCOUNTANTS

205-A, Anand Tower, 117/K/13, Sarvodaya Nagar, Kanpur – 208025.

Phone : 0512-3075573, 9935593363.

11. In my opinion and according to the information and explanations given to me and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
12. In my opinion, the company is not a chit fund / nidhi / mutual benefit fund / society. Therefore the provisions of clause (xiii) of paragraph 4 of the order are not applicable to the Company.
13. The Company has not entered into transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments. Further, section 49 of The Companies Act, 1956 is not applicable.
14. According to the information and explanations given to me, the Company has not given guarantees for loans taken by others from banks and financial institutions.
15. According to the information and explanations given to me, the Company has not availed any term loans during the year.
16. According to the information and explanations given to me on an overall examination of the Balance Sheet of the Company, I am of the opinion that there are no funds raised on short –term basis that have been used for long term investment and vice versa.
17. According to the information and explanations given to me, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
18. The Company has not issued any debentures.
19. The Company has not raised any monies by way of public issues during the year.
20. In my opinion and according to the information and explanations given to me, no material fraud on or by the Company has been noticed or reported during the year.

For VISHAL MAHESHWARI & COMPANY  
CHARTERED ACCOUNTANTS



( VISHAL MAHESHWARI )  
Proprietor

M.No. : 076685

FR No.:007952C

Place : Kanpur.

Date : 02.09.2010.

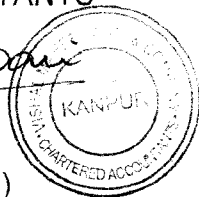
**M/S RAKAN STEELS LIMITED**  
**77/39, COOLIE BAZAR, KANPUR**  
**BALANCE SHEET AS AT 31ST MARCH , 2010**

PARTICULARS	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>SHAREHOLDER'S FUNDS</u></b>			
Share Capital	1	32400000.00	32400000.00
Reserve & Surplus	2	16389220.00	16389220.00
<b><u>LOAN FUNDS</u></b>			
Secured Loan	3	0.00	0.00
Unsecured Loan	4	13180263.00	8759670.00
		61969483.00	57548890.00
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block		0.00	6139089.00
Less : Depreciation		0.00	0.00
Net Block		0.00	6139089.00
<b><u>CURRENT ASSETS LOANS &amp; ADVANCES</u></b>			
Inventories		60000000.00	0.00
Sundry Debtors		0.00	0.00
Cash & Bank Balances	5	132541.00	254604.00
Loans & Advances	6	647445.00	3831274.00
		60779986.00	4085878.00
LESS: CURRENT LIABILITIES & PROVISION	7	5751781.00	13483281.00
NET CURRENT ASSETS		55028205.00	(9397403.00)
<b><u>MISCELLANEOUS EXPENDITURE</u></b>			
(To the extent not written off or adjusted)			
Profit & Loss A/c		6941278.00	60807204.00
		61969483.00	57548890.00

Notes to account and significant accounting policies attached.

FOR VISHAL MAHESHWARI & COMPANY  
 CHARTERED ACCOUNTANTS

*V. Maheshwari*



(VISHAL MAHESHWARI)  
 PROPRIETOR  
 M.No.076685

FOR RAKAN STEELS LIMITED

*[Signature]*  
 (DIRECTOR)

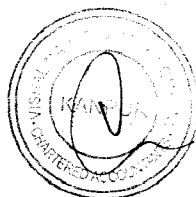
*[Signature]*

(DIRECTOR)

PLACE : KANPUR  
 DATE : 02.09.2010

M/S RAKAN STEELS LIMITED

	AS AT	AS AT
	31.3.2010	31.3.2009
<u>SCHEDULE - 1</u>		
<u>AUTHORISED SHARE CAPITAL</u>	55000000.00	55000000.00
55,00,000 Equity shares of Rs.10/- each (Previous Year 55,00,000 Equity Share of Rs 10/- Each)	=====	=====
 <u>ISSUED, SHARE CAPITAL</u>		
32,40,000 Equity Share of 10/-Each Fully called-up (Previous Year 32,40,000 Equity Share of Rs 10/- Each)	32400000.00	32400000.00
	=====	=====
 <u>SUBSCRIBED, CALLED UP PAID UP SHARE CAPITAL</u>		
32,40,000 Equity Share Subscribed and Fully paid-up	32400000.00	32400000.00
	<u>32400000.00</u>	<u>32400000.00</u>
 <u>SCHEDULE - 2</u>		
<u>RESERVE &amp; SURPLUS</u>		
U.P. State Investment Subsidy	1589220.00	1589220.00
General Reserve	800000.00	800000.00
Share Premium Account	14000000.00	14000000.00
	<u>16389220.00</u>	<u>16389220.00</u>
 <u>SCHEDULE - 3</u>		
<u>SECURED LOAN</u>		
U.P.F.C. (ERS 105)	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
 <u>SCHEDULE - 4</u>		
<u>UNSECURED LOAN</u>		
From Directors, Promotoers & Bodies Corporates	13180263.00	8759670.00
	<u>13180263.00</u>	<u>8759670.00</u>
 <u>SCHEDULE - 5</u>		
<u>CASH &amp; BANK BALANCES</u>		
Cash in hand	122196.00	249300.00
Balances With Scheduled Bank	10345.00	5304.00
	<u>132541.00</u>	<u>254604.00</u>
 <u>SCHEDULE - 6</u>		
<u>LOANS &amp; ADVANCES</u>		
Advance recoverable in cash or kind or for value to be received	435788.00	3619617.00
Security Deposit (As Per List)	211657.00	211657.00
	<u>647445.00</u>	<u>3831274.00</u>





SCHEDULE - 7

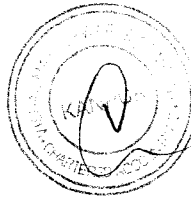
CURRENT LIABILITIES & PROVISIONS

Sundry Creditors	5751781.00	13483281.00
	<u>5751781.00</u>	<u>13483281.00</u>

SCHEDULE - 8

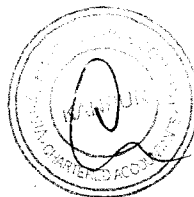
ADMINISTRATIVE & SELLING EXPS.

Legal Expense	0.00	8450.00
Bank Charges	381.00	120.00
Auditors Remuneration	17500.00	17500.00
Office Expenses	23854.00	14800.00
Salary	60000.00	55000.00
Miscellaneous Expenses	0.00	4550.00
Postage & Telegram	0.00	6250.00
Telephone Expenses	1250.00	950.00
	<u>102985.00</u>	<u>107620.00</u>



**Cash Flow Statement For The Year Ended 31.03.2010**

Particulars	Year Ended 31.03.2010		Year Ended 31.03.2009	
<b>A Cash Flow from Operating Activities</b>				
Profit/(-)Loss for the Year		53865926.00		-17620.00
<u>Adjustment for:</u>				
Depreciation	0.00		0.00	
(Increase)/Decrease in Misc. Expenditure	0.00		0.00	
Adjustment for previous Years	0.00		0.00	
Provision for diminution in value of Investments	0.00		0.00	
Interest & Financial Charges	0.00	0.00	0.00	0.00
		53865926.00		-17620.00
Operating Profit before Working Capital changes				
<u>Adjustments for:</u>				
(Increase)/Decrease in Loans and Advances	3183829.00		-308045.00	
(Increase)/Decrease in Inventory	-60000000.00		229342.00	
(Increase)/Decrease in current Liabilities	-7731500.00	-64547671.00	127000.00	48297.00
		-10681745.00		30677.00
<b>Net Cash from Operating Activities</b>				
<b>B Cash Flow from Investing Activities</b>				
Deletions/(Additions) to Fixed Assets	6139089.00	6139089.00	0.00	0.00
<b>Net Cash from Investing Activities</b>		<b>6139089.00</b>		<b>0.00</b>
<b>C Cash Flow from Financing Activities</b>				
Repayment of Borrowings	0.00		0.00	
Proceeds from borrowings	4420593.00		0.00	
Interest and Financial Charges	0.00	4420593.00	0.00	0.00
<b>Net Cash from Financing Activities</b>		<b>4420593.00</b>		<b>0.00</b>
<b>NET CASH FLOWS DURING THE YEAR(A+B+C)</b>		<b>-122063.00</b>		<b>30677.00</b>
Cash and Cash Equivalents(Opening Balance)		254604.00		223927.00
Cash and Cash Equivalents(Closing Balance)		132541.00		254604.00



NOTES OF ACCOUNTS

- 1) Contingent Liabilities: There are no Contingent Liabilities.  
2) Disputed Statutory Liabilities: There are no Disputed Statutory Liabilities.  
3) Directors remuneration : 

<u>2009-2010</u>	<u>2008-09</u>
0.00	0.00

As no commission is payable to the Directors of the company computation of net profit u/s 349 of The Companies Act, 1956 has not been given.

- 4) Deferred Tax : Provision for deferred tax assets / liabilities is in accordance with applicable accounting standards.  
5) There are no defaults in the nature of delays in repayment of dues to financial institutions and Banks.  
6) Sundry Debtors & Creditors, Loans & advances are subject to reconciliation and Confirmation, if any.  
7) Earning per share :

	<u>2009-2010</u>	<u>2008-2009</u>
	Amount (Rs.)	Amount (Rs.)
i) Net profit/(Loss) after tax available for equity share holders (Rs.)	53865926	(17620)
ii) Average number of equity share of Rs. 100/- each used as denominator for calculating EPS	3240000	3240000
iii) Basic/ Diluted Earning per share of face value of Rs. 100 each (Rs.)	16.63	(0.01)

8) As informed to me, there are no related party transactions.

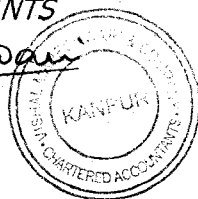
9) Payment to Auditor

	<u>2009-2010</u>	<u>2008-09</u>
Audit Fees	17500.00	17500.00
Taxation Matters	-	-

10) Previous year figures have been regrouped and rearranged wherever necessary, so as to correspond to that of the current year.

FOR VISHAL MAHESHWARI & COMPANY  
CHARTERED ACCOUNTANTS

*V. Maheshwari*  
(VISHAL MAHESHWARI)  
Proprietor



For RAKAN STEELS. LTD.

*[Signature]*  
(Director)

*[Signature]*  
(Director)

Place : KANPUR.  
Dated : 02.09.2010.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.	7582
State Code	20
Balance Sheet Date	31.03.2010

II. Capital raised during the year :

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

III. Position of mobilization and deployment of funds :

Total Liabilities	619.70
Total assets	619.70

SOURCE OF FUNDS :

Paid up Capital	32.40
Reserve & Surplus	163.89
Secured Loans	0.00
Unsecured Loans	131.80

APPLICATION OF FUNDS :

Net Fixed Assets	0.00
Investment	0.00
Net Current Assets	550.28
Misc. Expenditure	69.41
Accumulated Losses	0.00

IV. Performance of the Company:

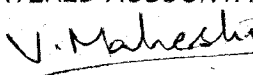
Sales & Other Income	539.69
Total Expenditure	601.03
Profit/(Loss) before tax	538.66
Profit/(Loss) after tax	538.66
Earnings per share	16.63 (In Rs.)
Dividend rate %	Nil.

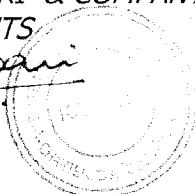
V. Generic Names of the Principal Products of Company :

Item Code No. (ITC Code)	
Product Description	

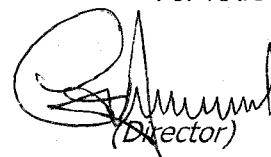
Item Code No. (ITC Code)	
Product Description	

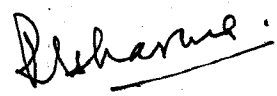
FOR VISHAL MAHESHWARI & COMPANY  
CHARTERED ACCOUNTANTS

  
(VISHAL MAHESHWARI)  
Proprietor



For RAKAN STEELS LTD.

  
(Director)

  
(Director)

Place : KANPUR.

Dated : 02.09.2010.


M/S RAKAN STEELS LIMITED  
77/39, COOLIE BAZAR, KANPUR  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010**

PARTICULARS	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
<b><u>I N C O M E</u></b>			
Sales		0.00	0.00
Other Income		53968911.00	90000.00
Closing Stock		60000000.00	0.00
		113968911.00	90000.00
<b><u>E X P E N D I T U R E</u></b>			
Purchase		60000000.00	0.00
Administrative & Selling Expenses	8	102985.00	107620.00
		60102985.00	107620.00
Profit /(Loss) before Taxation		53865926.00	-17620.00
Provision for Income Tax (MAT)		0.00	0.00
Net Profit/(Loss) After Tax		53865926.00	-17620.00
Long Term Capital Loss		0.00	0.00
Adjustment During the Year		0.00	0.00
Balance of Profit/(Loss) from Previous Year		(60807204.00)	(60789584.00)
Net Profit/(Loss) carried over to Balance Sheet		(6941278.00)	(60807204.00)

Notes to account and significant accounting policies attached.

FOR VISHAL MAHESHWARI & COMPANY  
 CHARTERED ACCOUNTANTS

FOR RAKAN STEELS LIMITED

*V. Maheshwari*  


*[Signature]*  
 (DIRECTOR)

*[Signature]*  
 (DIRECTOR)

(VISHAL MAHESHWARI)  
 PROPRIETOR  
 M.No.076685

PLACE : KANPUR  
 DATE : 02.09.2010

SCHEDULE - 7

CURRENT LIABILITIES & PROVISIONS

Sundry Creditors	5751781.00	13483281.00
	<u>5751781.00</u>	<u>13483281.00</u>

SCHEDULE - 8

ADMINISTRATIVE & SELLING EXPS.

Legal Expense	0.00	8450.00
Bank Charges	381.00	120.00
Auditors Remuneration	17500.00	17500.00
Office Expenses	23854.00	14800.00
Salary	60000.00	55000.00
Miscellaneous Expenses	0.00	4550.00
Postage & Telegram	0.00	6250.00
Telephone Expenses	1250.00	950.00
	<u>102985.00</u>	<u>107620.00</u>

