

RAKAN STEELS LIMITED

(CIN : L27320UP1985PLC007582)

24TH ANNUAL REPORT 2010-2011

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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 2010-11. Your Company has endured to make profits of Rs. 0.07 Lacs. The Indian Economy has substantially slowed down. We witnessed one of the most challenging business environments of recent times during the period under review. However we stayed focussed in making ourselves more robust and less prone to external volatilities. We continue to remain optimistic and agile.

Financial Year 2010-11 has been a challenging year with subdued economic growth, as a result of higher inflation, higher interest rates, lower industrial growth and lower investments in the country, along with the poor condition of the global economy. However, the Indian economy is expected to perform comparatively well in the coming years. The government focus on infrastructure development, more foreign direct investment inflow and more transparency in governance is likely to significantly increase the business confidence in the country.

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-
(Surendra Mohan Agarwal)
Director

BOARD OF DIRECTORS

Mrs. BINDU AGARWAL
Mr. RAMJI LAL SHARMA
Mr. SURENDRA MOHAN AGARWAL
Mr. MAHENDRA BAHDUR SINGH

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

Web.: www.rakansteels.co.in

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 2010-11 has been satisfactory. The Company has endured to make good profits of Rs. 0.07 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:

SL NO.	NAME	DESIGNATION
1	Mrs. BINDU AGARWAL	Executive/Promoter Director
2	Mr. RAMJI LAL SHARMA	Non-Executive/Independent Director
3	Mr. SURENDRA MOHAN AGARWAL	Executive/Promoter Director
4	Mr. MAHENDRA BAHADUR SINGH	Non-Executive/Independent Director

DIRECTORSHIPS

NAME OF DIRECTOR	CATEGORY OF DIRECTORSHIP	DATE OF APPOINTMENT	NO. OF DIRECTORSHIPS HELD IN OTHER COMPANIES
Mrs. BINDU AGARWAL	Executive Director/Promoter	25/09/2010	0
*Mr. SANJEEV AGARWAL	Executive Director/Promoter	16/12/1985	0
*Mr. UMA SHANKER DIXIT	Executive Director/Promoter	15/09/2004	0
Mr. RAMJI LAL SHARMA	Non Executive Independent Director	20/08/2009	0
Mr. SURENDRA MOHAN AGARWAL	Non Executive Independent Director	25/09/2010	0
Mr. MAHENDRA BAHADUR SINGH	Non Executive Independent	11/06/2011	

* Ceased to be Director from 11.06.2011

NUMBER OF BOARD MEETINGS

During the year the Board met 6 times on 20.04.2010, 30.08.2010, 02.09.2010, 25.09.2010, 31.12.2010, 31.03.2011. 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	6	Yes	<ul style="list-style-type: none">• Audit Committee – Chairman• Nomination And Remuneration Committee – Chairman• Stakeholder's Relationship Committee - Member
Mr. Surendra Mohan Agarwal	Independent Director	6	6	Yes	<ul style="list-style-type: none">• Stakeholder's Relationship Committee - Chairman• Audit Committee – Member• Nomination And Remuneration Committee – Member
Mrs. Bindu Agarwal	Executive Director/Promoter	6	6	Yes	<ul style="list-style-type: none">• Audit Committee – Member• Stakeholder's Relationship Committee - Member
Mr. Uma Shanker Dixit*	Executive Director/Promoter	6	2	Yes	<ul style="list-style-type: none">•
Mr. Sanjeev Agarwal*	Executive Director/Promoter	6	2	Yes	<ul style="list-style-type: none">•

**Ceased to be Director w.e.f. 11.06.2011*

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 Mrs. Bindu Agarwal Director, is liable to retire by rotation and offers herself for reappointment subject to approval of members in general meeting.

Mr. Mahendra Bahadur Singh is Additional Directors and eligible for appointment as regular Directors of the Company.

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 COMMITTEE
1.	Mr. Ram ji Lal Sharma	Chairman
2.	Mr. Surendra Mohan Agarwal	Member
3.	Mrs. Bindu Agarwal	Member

• REMUNARATION COMMITTEE

The composition of remuneration committee is as follows:

SL NO.	NAME OF DIRECTOR	DESIGNATED POSITION IN THE COMMITTEE
1.	Mr. Ram ji Lal Sharma	Chairman
2.	Mr .Surendra Mohan Agarwal	Member
3	Mrs. Bindu Agarwal	Member

DETAILS OF REMUNARATION TO THE DIRECTORS

SL NO	Name and designation	Salary (p.a.)	Other Benefits	Total
1.	Mrs. Bindu Agarwal Director	NIL	NIL	NIL
2.	Mr. Uma Shanker Dixit Independent Director	NIL	NIL	NIL
3.	Mr. Ram ji Lal Sharma Independent Director	NIL	NIL	NIL
4.	Mr. Surendra Mohan Agarwal	NIL	NIL	NIL

• STAKEHOLDERS RELATIONSHIP COMMITTEE

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

SL NO.	NAME OF DIRECTOR	DESIGNATED POSITION IN THE COMMITTEE
1.	Mr. Ram ji Lal Sharma	Chairman
2.	Mr Surendra Mohan Agarwal	Member

3.	Mr. Bindu Agarwal	Member
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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:

Financial year	Date of Meeting	Venue of Meeting	Timing of Meeting
2009-10	30.09.2010	77/39, Coolie, Bazar, Kanpur	11.00 A.M.
2008-09	30.09.2009	77/39, Coolie, Bazar, Kanpur	11.00 A.M.
2007-08	30.09.2008	77/39, Coolie, Bazar, Kanpur	11:00 A.M.

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 30th, 2011.
Day - Friday
Time - 11:00 A.M.
Venue - 77/39, COOLIE BAZAR,
KANPUR

II. **Financial Year** : 1st April 2010- 31st 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 31st March, 2011.

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
TOTAL	32,40,000	100

- 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 04.09.2011 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.

Further the company is also planning for taking an initiative for implementation of 'Green Initiative' in the Corporate Governance for allowing paperless compliance as per the Circular no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs and to facilitate its members by providing all the information relating to notices of Shareholders' Meetings, Annual report of the Company by e-mail. In this regard Stakeholders are requested to register their E-mail ID with the Company. The Company has taken a various initiatives on promoting social welfare.

By the Order and on behalf of the Board of Directors

PLACE: KANPUR
DATE : 04.09.2011

Sd/-
(Ramji Lal Sharma) (Surendra Mohan Agarwal)
Director Director

NOTICE

Notice is hereby given that the Annual General Meeting of M/s Rakan Steels Limited will be held on 30th September, 2011 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 31st March, 2011 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 Mrs. Bindu Agarwal, who retire by rotation and being eligible to offer himself for re-appointment.

SPECIAL BUSINESS

- iv) To consider and if thought fit pass the following resolution with or without modification as an ordinary resolution:

“RESOLVED THAT in accordance with the provision of section 257 and all other applicable provisions, if any, of the Companies Act 1956 or reenactments thereof, Mr. Mahendra Bahadur Singh who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company liable to be retire by rotation

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

SD/-
Surendra Mohan Agarwal
Director

PLACE: Kanpur
DATE: 04.09.2010

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. 24.09.2011 to 30.09.2011

ANNEXURE TO NOTICE:

EXPLANATORY STATEMENT pursuant to Section 173(2) of the Companies Act, 1956.

Item No. iv:

Mr. Mahendra Bahadur Singh was appointed as an Additional Director of the Company by the Board of Directors with effect from 11.06.2011, pursuant to Section 260 of the Companies Act, 1956 and holds office only upto the date of the forthcoming Annual General Meeting and is eligible for appointment. The Company has received a notice in writing from a member, proposing his candidature for the office of Director under the provisions of Section 257 of the Act.

Brief information of Mr. Mahendra Bahadur Singh is given in the Annexure attached to the Notice.

Taking into the consideration his qualification and experience, the Board of Directors is of the opinion that Mr. Mahendra Bahadur Singh as a Director will be of advantage to the Company and accordingly, the Board commends his appointment for acceptance by the members.

None of the Directors of the Company except Mr. Mahendra Bahadur Singh, is concerned in the proposed resolution.

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

SD/-
Surendra Mohan Agarwal
Director

PLACE: Kanpur
DATE: 04.09.2010

Details of directors seeking appointment/reappointment at the forthcoming Annual General Meeting

Name of Director	Mahendra Bahadur Singh
Date of Birth	05.02.1953
Date of Appointment	11.06.2011
Qualifications	M. A.
Expertise	Having a rich experience in business administration
Shareholding in the Company as on 04.09.2011 (No. of equity shares of Rs. 10.00 each)	NIL
List of other public limited companies in which Directorship held as on 04.09.2011	NIL
Chairman/Members Committees of the Board across all public companies of which he is a Director as on 04.09.2011	NIL
Relationship Between Directors inter-se	NIL

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 31st March, 2011.

FINANCIAL RESULTS:

	<u>2010-2011</u> (Rs. in lacs)	<u>2009-2010</u> (Rs. in lacs)
Sales & Other Income	2.37	539.69
Profit/(Loss) before interest & depreciation	0.10	538.66
Interest	0.00	0.00
Depreciation	0.00	0.00
Profit/(Loss) before tax	0.00	538.66
Less:		
Provision for taxation (MAT)	0.03	0.00
Profit/(Loss) after tax	0.07	538.66

OPERATIONAL RESULTS

During the Financial year, the Company has generated an income of Rs. 2.37 Lacs as compared to the previous year income of Rs. 539.69 Lacs and earned a profit after tax of Rs. 0.07 Lacs as compared to the previous year profit of Rs. 538.66 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 them for re-appointment.

Cont..2....

RESPONSIBILITY STATEMENT OF 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 a change in the composition of the Board. Mrs. Bindu Agarwal, 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.

Cont..3....

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.

EMPLOYEES:

The particulars as required U/S 217(3A) of the Companies Act, 1956 are furnished as none of the employee is drawing remuneration of Rs. 500000/- or more per month if employees for apart of the year of Rs. 6000000/- if employed throughout the period.

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/-
Surendra Mohan Agarwal	Ramji Lal Sharma
Director	Director

PLACE: Kanpur
DATE: 04.09.2010

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.

By the Order and on behalf of the Board of Directors

SD/-
Surendra Mohan Agarwal
Director

SD/-
Ramji Lal Sharma
Director

PLACE: Kanpur
DATE: 04.09.2010

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, 2011.

By the Order and on behalf of the Board of Directors

PLACE: KANPUR
DATE : 04.09.2011

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 31st March 2011, 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: 04.09.2011

RAKAN STEELS LIMITED

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

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 77/39, Coolie Bazar, Kanpur on Friday, the 30th Day of September, 2011 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

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 28TH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 30th Day of September, 2011 at 11.00 a.m. and at any adjournment(s) thereof.

Signed this day of, 2011.

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 31st March 2011, 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 31st March 2011 and taken on records by the Board of Directors, I report that none of the Directors is disqualified as on 31st March 2011 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 31st March, 2011;
 - 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

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. However, there are no fixed assets.
 - b) As explained to me, all the fixed assets have been physically verified by the management in 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.
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 procedure 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 our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we had not observed any continuing failure to correct major weaknesses in internal controls.
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 30 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 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. According to the information and explanations given to us and the records of the company examined by us, in our opinion no undisputed amounts payable in respect of Provident Fund, Investment, Educational, Retirement Fund, Employees' State Insurance, Tax, Sales Tax, etc.

VISHAL MAHESHWARI & COMPANY

CHARTERED ACCOUNTANTS

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

Phone : 0512-3075573, 9935593363.

10. 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 and in the immediately preceding financial year there was no cash loss.
11. 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.
12. 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.
13. 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.
14. 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.
15. According to the information and explanations given to me, the Company has not given guarantee for loans taken by others from banks and financial institutions.
16. According to the information and explanations given to me, the Company has not availed any term loans during the year.
17. 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.
18. 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.
19. The Company has not issued any debentures.
20. The Company has not raised any monies by way of public issues during the year.
21. In my opinion and according to the information and explanations given to me, no material fraud or error 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



M/S RAKAN STEELS LIMITED
77/39, COOLIE BAZAR, KANPUR
BALANCE SHEET AS AT 31ST MARCH , 2011

PARTICULARS	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	1	32400000.00	32400000.00
Reserve & Surplus	2	16389220.00	16389220.00
LOAN FUNDS			
Secured Loan	3	0.00	0.00
Unsecured Loan	4	11980263.00	13180263.00
		60769483.00	61969483.00
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		0.00	0.00
Less : Depreciation		0.00	0.00
Net Block		0.00	0.00
CURRENT ASSETS LOANS & ADVANCES			
Inventories		60000000.00	60000000.00
Sundry Debtors		0.00	0.00
Cash & Bank Balances	5	127703.00	132541.00
Loans & Advances	6	759455.00	647445.00
		60887158.00	60779986.00
LESS: CURRENT LIABILITIES & PROVISION	7	7051942.00	5751781.00
NET CURRENT ASSETS		53835216.00	55028205.00
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Profit & Loss A/c		6934267.00	6941278.00
		60769483.00	61969483.00

Notes to account and significant accounting policies attached.

FOR VISHAL MAHESHWARI & COMPANY
 CHARTERED ACCOUNTANTS

V. Maheshwari
 (VISHAL MAHESHWARI)
 PROPRIETOR
 M.No.:076685
 FRNo.: 007952C



FOR RAKAN STEELS LIMITED

For RAKAN STEELS LTD.

[Signature]
 DIRECTOR
 (DIRECTOR)

For RAKAN STEELS LTD

[Signature]
 (DIRECTOR) DIRECTOR


M/S RAKAN STEELS LIMITED
77/39, COOLIE BAZAR, KANPUR
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

PARTICULARS	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
<u>I N C O M E</u>			
Sales & Other Revenue		156000.00	0.00
Other Income		81354.00	53968911.00
(Increase)/Decrease in Stock		0.00	60000000.00
		237354.00	113968911.00
<u>E X P E N D I T U R E</u>			
Purchase		0.00	60000000.00
Administrative & Selling Expenses	8	227338.00	102985.00
		227338.00	60102985.00
Profit /(Loss) before Taxation		10016.00	53865926.00
Provision for Income Tax (MAT)		3005.00	0.00
Net Profit/(Loss) After Tax		7011.00	53865926.00
Long Term Capital Loss		0.00	0.00
Adjustment During the Year		0.00	0.00
Balance of Profit/(Loss) from Previous Year		(6941278.00)	(60807204.00)
Net Profit/(Loss) carried over to Balance Sheet		(6934267.00)	(6941278.00)

Notes to account and significant accounting policies attached.

FOR VISHAL MAHESHWARI & COMPANY
 CHARTERED ACCOUNTANTS

FOR RAKAN STEELS LIMITED

V. Maheshwari

 (VISHAL MAHESHWARI)
 PROPRIETOR

M.No.:076685
 FRNo.: 007952C

PLACE : KANPUR
 DATE : 04.09.2011

For RAKAN STEELS LTD.

 DIRECTOR
 (DIRECTOR)

For RAKAN STEELS LTD.
Bindu Agarwal
 DIRECTOR
 (DIRECTOR)

D.
 R

M/S RAKAN STEELS LIMITED

	AS AT 31.3.2011	AS AT 31.3.2010
<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 & 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	11980263.00	13180263.00
	<u>11980263.00</u>	<u>13180263.00</u>
<u>SCHEDULE - 5</u>		
<u>CASH & BANK BALANCES</u>		
Cash in hand	117508.00	122196.00
Balances With Scheduled Bank	10195.00	10345.00
	<u>127703.00</u>	<u>132541.00</u>
<u>SCHEDULE - 6</u>		
<u>LOANS & ADVANCES</u>		
Advance recoverable in cash or kind or for value to be received	585788.00	435788.00
Security Deposit (As Per List)	173667.00	211657.00
	<u>759455.00</u>	<u>647445.00</u>



SCHEDULE - 7

CURRENT LIABILITIES & PROVISIONS

Sundry Creditors	6982437.00	5751781.00
Provisions	69505.00	0.00
	<u>7051942.00</u>	<u>5751781.00</u>

SCHEDULE - 8

ADMINISTRATIVE & SELLING EXPS.

Advertisement Expenses	1500.00	0.00
Legal Expense	47000.00	0.00
Bank Charges	150.00	381.00
Auditors Remuneration	20000.00	17500.00
Excise Duty	70788.00	0.00
Office Expenses	14400.00	23854.00
Salary	60000.00	60000.00
Postage & Telegram	12050.00	0.00
Telephone Expenses	1450.00	1250.00
	<u>227338.00</u>	<u>102985.00</u>



Cash Flow Statement For The Year Ended 31.03.2011

Particulars	Year Ended 31.03.2011		Year Ended 31.03.2010	
A Cash Flow from Operating Activities				
Profit/(-)Loss for the Year		7011.00		53865926.00
<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 diminition in value of Investments	0.00		0.00	
Interest & Financial Charges	0.00	0.00	0.00	0.00
		7011.00		53865926.00
Operating Profit before Working Capital changes				
<u>Adjustments for:</u>				
(Increase)/Decrease in Loans and Advances	-112010.00		3183829.00	
(Increase)/Decrease in Inventory	0.00		-60000000.00	
Increase/(Decrease) in current Liabilities	1300161.00	1188151.00	-7731500.00	-64547671.00
		1195162.00		-10681745.00
Net Cash from Operating Activities				
B Cash Flow from Investing Activities				
Deletions/(Additions) to Fixed Assets	0.00	0.00	6139089.00	6139089.00
		0.00		6139089.00
Net Cash from Investing Activities				
C Cash Flow from Financing Activities				
Repayment of Borrowings	-1200000.00		0.00	
Proceeds from borrowings	0.00		4420593.00	
Interest and Financial Charges	0.00	-1200000.00	0.00	4420593.00
		-1200000.00		4420593.00
Net Cash from Financing Activities				
NET CASH FLOWS DURING THE YEAR(A+B+C)		-4838.00		-122063.00
Cash and Cash Equivalents(Opening Balance)		132541.00		254604.00
Cash and Cash Equivalents(Closing Balance)		127703.00		132541.00



Significant Accounting Policies:

A) GENERAL

The Accounts of the Company are prepared on an accrual basis, under the historical cost convention and in accordance with applicable mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. The Accounts have been prepared on the concept of going concern.

B) FIXED ASSET/ INTANGIBLE ASSETS

Fixed Assets : There is no Fixed Assets as they have been converted into stock in trade.

C) DEPRECIATION / AMORTISATION

There is no Depreciation provided.

D) INVENTORIES

As fixed assets have been converted into stock so, stock has been valued at the current price of the assets which can be fetched.

E) REVENUE RECOGNITION

Other income , Interest and other expenses are recognized on accrual basis.

F) RETIREMENT BENEFITS

The firm has not provided for any retirement benefits including gratuity.

G) EARNING PER SHARE

Earning per share is calculated in accordance with AS-20 issued by the Institute of Chartered Accountants of India.

H) TAXATION

(i) INCOME TAX

Provision of income tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961 and considering any pending litigations & orders in company's case.

(ii) DEFERRED TAX

Deferred Tax assets and Liabilities are recognized in accordance with AS-22 "Accounting for Taxes on Income" on the basis of reasonable / virtual certainty that sufficient future taxable income will be available against which the same can be realized.

(iii) Fixed assets had been converted into in trade. Therefore, the tax on the stock will be computed as per Section 45(2) of Income tax Act, 1961.

I) IMPAIRMENT OF ASSETS

An assets is treated as impaired when the carrying cost of an asset exceeds its recoverable value and impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting year is reversed if there has been a change in the estimate of the recoverable amount.

J) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provision in respect of present obligation arising out of past events are made in accounts when reliable estimates can be made of the amount of the obligation. Contingent liabilities (if material) are disclosed by way of Notes on Accounts. Contingent assets are not recognized or disclosed in financial statements and are included, if any, in the Director's report.



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>2010-2011</u>	<u>2009-10</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>2010-2011</u>	<u>2009-2010</u>
	Amount (Rs.)	Amount (Rs.)
i) Net profit/(Loss) after tax available for equity share holders (Rs.)	7011	53865926
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.)	0.00	16.63


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

	<u>2010-2011</u>	<u>2009-10</u>
9) Payment to Auditor		
Audit Fees	20000.00	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. For RAKAN STEELS LTD.
For RAKAN STEELS LTD.

[Signature] *[Signature]*
DIRECTOR DIRECTOR
(Director) (Director)

Place : KANPUR.
Dated : 04.09.2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :	
Registration No.	7582
State Code	20
Balance Sheet Date	31.03.2011

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	607.69
Total assets	607.69

SOURCE OF FUNDS :

Paid up Capital	32.40
Reserve & Surplus	163.89
Secured Loans	0.00
Unsecured Loans	119.80

APPLICATION OF FUNDS :

Net Fixed Assets	0.00
Investment	0.00
Net Current Assets	538.35
Misc. Expenditure	69.34
Accumulated Losses	0.00

IV. Performance of the Company:	
Sales & Other Income	2.37
Total Expenditure	2.27
Profit/(Loss) before tax	0.10
Profit/(Loss) after tax	0.07
Earnings per share	0.00
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

V. Maheshwari
(VISHAL MAHESHWARI)
Proprietor



For RAKAN STEELS LTD.

For RAKAN STEELS LTD. *Bendu Agarwal*
(Director)
DIRECTOR

DIRECTOR
(Director)

Place : KANPUR.
Dated : 04.09.2011