

ROHIT FERRO-TECH LIMITED
35, CHITTARANJAN AVENUE, KOLKATA-700 012

DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting their fifth Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS:

	Current year ended 31st March, 2005	Previous year ended 31st March, 2004	(Rs in Lacs)
Profit before Depreciation & Tax	1047.46	459.11	
Less: Depreciation	96.58	40.30	
Profit before Tax	950.88	418.81	
Less Provision for Tax			
Current:	74.56	26.54	
Deferred:	101.64	60.87	87.41
Profit after Tax	774.68	331.40	
Balance brought forward from Previous Year	331.42	0.02	
Adjustment for previous year	0.09		
Carried to Balance Sheet	1106.18	331.42	

OPERATIONS

During the year under review, the company has surpassed its' targeted production with capacity utilization above 100% of it's installed capacity as the company produced 26,543 mt of High Carbon Ferro Chrome with it's two 9 MVA furnaces. Despite the increase in power tariff as well as withdrawal of power subsidy due to new power subsidy delivery regimn intruoduced by WBSEB, the Company has managed to achieve it's target and attained a Profit After Tax of Rs. 7.75 Crores. During the year under review, the Company has completed the installation of it's 3rd 9 MVA furnace at it's existing facility at Bishnupur, which has started production from April '2005. With this capacity addition the total installed capacity of the Bishnupur plant shall thus be 40,000 mt per annum.

NEW PROJECTS AND EXPANSION

Your Company has planned to expand it's operation manifold by investing more than Rs.100 Crores into the state of Orissa by setting up 66-MVA Ferro Alloy Plant consisting of 4 Nos. submerged arc furnaces of 16.5 MVA capacity each to produce H.C. Ferro Chrome, as well as Manganese based Alloys viz. Silico Manganese & Ferro Manganese. The proposed plant site is located at the Kalinganagar Industrial Complex in the Jajpur District of Orissa. The unit shall have a combined installed capacity of producing 1,00,000 TPA of Ferro Alloys comprising of H.C. Ferro Chrome, Silico Manganese & Ferro Manganese, and is expected to start operation from the 1st Quarter of FY 2006-07.

PUBLIC ISSUE

Your company is planning to go Public by brining its first IPO to part-finance the capital cost of it's proposed project in Orissa. The management has already appointed various agencies viz. Lead Managers, Registrar, Solicitors, Advisors etc., and has applied to various authorities for getting clearances. The draft prospectus has also been filed with the SEBI for it's approval.

OUTLOOK

Currently, the Ferro alloys business account for nearly 100% of the Company's revenues. The outlook for its margins and profitability for this business depends on overall economic outlook, nationally as well as globally. This company is likely to benefit most from an upturn in the Ferro Alloys business cycle, given its scale of operations and its competitive cost positions.

GLOBAL DOMINANCE

The products of the Company are delivered worldwide and are internationally acclaimed for their premium quality and customization, to suit individual needs of the end-users. Your Company exported High Carbon Ferro Chrome to all major, particularly, quality conscious countries like China, Japan, Korea, Taiwan, Europe, Mexico. Your directors take pleasure in informing you that your company has got the status of One Star Export House in January 2005, and it has also been admitted as a member of International Chromium Development Association, Paris.

DIVIDEND

In spite of steady profit and growth in the terms of profitability and turnover during the year under review, your Directors do not recommend any dividend to conserve the resources for its regular ongoing capital expenditure programs and to strengthen its working capital base.

FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits during the year.

PERSONNEL

During the year under review, industrial relations at all units of the company continued to be cordial and peaceful.

FINANCE

During the year all the financial commitment of the company were met in time, and liquidity throughout the year was comfortable.

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

Particulars of energy, technology absorption and foreign exchange earning and outgo as required u/s 217(1)(e) of the companies Act, 1956 read with companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure attached hereto and forms part of the report.

PARTICULARS OF EMPLOYEES

There were no employees during the year drawing remuneration in excess of the limit specified under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTOR

Mr. Kailash Chand Jain and Mr. Jatindra Nath Rudra have been appointed as Additional Directors on the Board of the Company on March 29, 2005.

Mr. Kailash Chand Jain is a Commerce Graduate, and LLB. He is also Fellow member of the Institute of Chartered Accountants of India (FCA) the Institute of Company Secretaries of India (FCS) and the Institute of Cost & Works Accountants of India (FICWA).

Mr. Jatindra Nath Rudra is a Civil Engineer, and done his Master of Engineering from Calcutta University. He was the CEO of WBIDC, Govt. of West Bengal; the Chief Valuer of Calcutta Improvement Trust, Govt. of West Bengal; and Town Engineer, Kabwe, Republic of Zambia, Africa for 6 year on being deputed by Govt. of India.

Mr. Jayanta Chatterjee has been appointed as an Additional Director on the Board of the Company on and from May 16, 2005. He is 63 Years old and is a Post-graduate in Metallurgy, and also holds degree from AIIM. He was associated with TISCO, and has retired in the capacity of Chief of Marketing (Ferro Alloys & Minerals Division). Presently, he is associated as a consultant in Indian Ferro Alloys Producers Association (IFAPA).

Mr. Kailash Chand Jain, Mr. Jatindra Nath Rudra and Mr. Jayanta Chatterjee would hold office till the conclusion of the AGM. The requisite notices, together with necessary deposits have been received from the members pursuant to section 257 of the companies Act, 1956 proposing Mr. Kailash Chand Jain, Mr. Jatindra Nath Rudra and Mr. Jayanta Chatterjee as directors of the company at the ensuing AGM.

Mr. Binit Jain, director of the company has been appointed as Executive Director of the company by Board resolution dated 16th May, 2005 for a period of one year, and now, the Company proposes to get the approval from the shareholders in the ensuing AGM.

Mrs. Sarita Patni, Non-Executive Director of the company will retire by rotation at the ensuing AGM and being eligible, offers herself for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) that they 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 and of the profit or loss of the company for that period;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) that they have prepared the accounts for the financial year on a 'going concern' basis;

AUDITORS AND AUDITORS' REPORT

M/s. S. Jaykishan, Chartered Accountants, Statutory Auditors of the company, hold the office until the conclusion of the ensuing AGM and are eligible for re-appointment. The company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub-section (3) of section 226 of the companies Act, 1956, for such appointment. The board of directors recommends their re-appointment as statutory Auditors.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

AUDIT COMMITTEE

The Audit Committee was re-constituted by the Board at its Meeting held on 16th May 2005. The present composition of the Audit Committee consists of three directors, viz.

Chairman: Mr. Kailash Chand Jain (Independent Director)
 Members: Mr. Jayanta Chatterjee (Independent Director)
 Mr. Jatindra Nath Rudra (Independent Director)

The role and the terms of reference of the Audit committee covers the matters specified for Audit Committees under section 292A of the Companies Act, 1956 and as specified in Clause 49 of the listing agreement.

SHAREHOLDERS GRIEVANCE COMMITTEE

Shareholders' Grievance Committee has been formulated vide Board Resolution dated 16th May 2005, consisting of the following directors viz.

Chairman: Mr. Jayanta Chatterjee (Independent Director)
 Members: Mr. Suresh Kumar Patni (Executive Director)
 Mr. Jatindra Nath Rudra (Independent Director)

Shareholders' Grievance Committee shall have the power to make decisions relating to redressal of Shareholders' grievances.

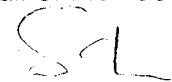
APPRECIATION

Your directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled your company to grow steadily.

TRADE RELATION

The Board desires to place on record its appreciation for the support and co-operation that your Company received from Suppliers, Customers, Banks, and the Governments Departments. Your Company has always looked upon them as partners in its progress. It will be your Company's endeavor to build and nurture strong links with trade based on mutuality, respect and co-operation with each other.

For and on behalf of the Board



S K PATNI
 Chairman

Dated: 9th August 2005 at Kolkata.

ANNEXURE TO DIRECTORS' REPORT

Particulars as required u/s 217 (1)(e) of the companies Act, 1956 and forming the part of directors' report for the year ended 31st March, 2005:

A. CONSERVATION OF ENERGY

Measures taken for Conservation of Energy.

- a) Close monitoring of high energy consuming equipments in plant.
- b) Using power factor controller/capacitors to maintain power factor.
- c) Keeping maximum demand under control by scheduling other load during equipments' testing etc.
- d) Continuation and increasing scale of measures taken.

B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATIONResearch and Development

Intensive R & D activity is an overriding priority at the Company. The key areas where R & D resources and initiatives are focused on:

- a) Improving & Optimizing furnace efficiency developing process for preheating and pre-reduction of inputs,
- b) constant process improvement for increasing output quality to customer's specification,
- c) Testing and Certification of products,
- d) Participation in Conference and seminars,
- e) Analyzing feedback from the users to improve products.

C. FOREIGN EXCHANGE EARNING AND OUTGO

- a) During the year under review the company has made export of Rs.46,64,91,617/- (FOB value)
- b) Total foreign Exchange used and earned
Used: Rs. Nil
Earned: Rs. 46,64,91,617/-

FORM-A

(Form for Disclosure of particulars with respect to conservation of energy)

A. POWER & FUEL CONSUMPTION:

	<u>2004-05</u>	<u>2003-04</u>
1. Electricity:		
Total unit Consumed	112416626	47162735
Amount Rs.	366746463	115083792
Rate per unit (Rs)	3.26	2.66

2. Coal

Used in furnace		
Quantity- M T	19524.70	8301
Total cost- Rs	177526464	39892036
Average- Rs. Per Ton	9092	4805.69

B. CONSUMPTION PER UNIT OF PRODUCTION

1. Electricity (unit/M.T)	4235	4778
2. Coal & Coke (Kg/M.T.)	736	841


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S. JAYKISHAN
CHARTERED ACCOUNTANTS

12, HO-CHI MINH SARANI
 Suit No. '2D', '2E' & '2F', 2nd Floor
 KOLKATA-700 071
 Phone : 2282-4942/43/74

Date _____

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **ROHIT FERROTECH LIMITED** as at 31st March, 2005 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (As Amended) issued by the Central Government in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose hereto in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph (3) above we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper Books of Account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The said Balance Sheet, Profit and Loss Account, and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;



S. JAYKISHAN

CHARTERED ACCOUNTANTS

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KOLKATA-700 071
Phone : 2282-4942/43/74

Date _____

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- c) In our opinion, the said Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- d) On the basis of written representations received from the directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956; and
- e) In our opinion and to the best of our information and according to the explanations given to us, the said statements of account, read with the 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:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



For S. Jaykishan
Chartered Accountants

B.K. Newatia

(B.K. NEWATIA)

PARTNER

Membership No. 50251

Dated : The 28th day of April, 2005.