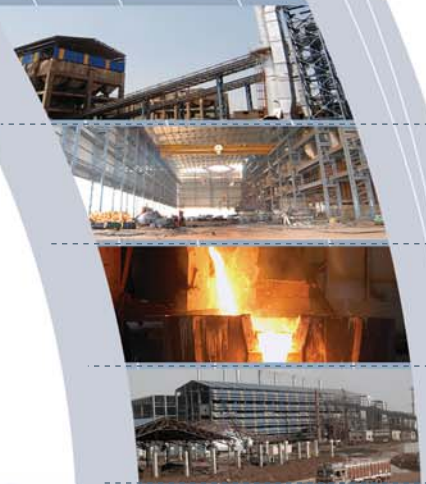


Alloying Innovation & Quality



Annual Report 2009-10

FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospect and take informed investment decisions. This Report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in

assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

Notice	1	Directors' Report	3	Management Discussion and Analysis Report	8
Corporate Governance Report	10	Auditors' Report	19	Balance Sheet	22
Profit & Loss Account	23	Cash Flow Statement	24	Schedules	26
Balance Sheet Abstract	47	Subsidiary Company - SKP Overseas Pte. Ltd.	49		
Consolidated Financial Statements	60				

Notice

NOTICE is hereby given that the 10th Annual General Meeting of the Shareholders of M/s. **Rohit Ferro-Tech Limited** will be held on Monday, 27th September, 2010 at 3.00 P.M. at 'Rotary Sadan', 94/2, Chowringhee Road, Kolkata - 700 020 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts of the Company for the financial year ended 31st March, 2010 and the report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Suresh Kumar Patni, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Asoke Kumar Basu, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. S. Jaykishan, Chartered Accountants, as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

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

"**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and other applicable provisions read with Schedule XIII of the Companies Act, 1956 Mr. Binit Jain whose term as an Executive Director has been expired on 31.08.2010, be re-appointed from the said date for a further period of one year i.e., from 01.09.2010 to 31.08.2011, to continue to hold office as an Executive Director of the Company upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the agreement submitted to this meeting and initialed by the Chairman for the purpose of identification, with an authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment during the continuance of the tenure on the recommendation of the remuneration committee and grant such further increases in remuneration from time to time as they may deem fit and agreed by Mr. Binit Jain, within the limits specified in Schedule XIII of the Act, as may be amended from time to time."

By Order of the Board
For **ROHIT FERRO-TECH LIMITED**

Rohit Patni
Managing Director

Place : Kolkata

Date : 31st August, 2010

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM DULY COMPLETED AND STAMPED MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING OF THE AFORESAID MEETING.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business in Item No. 6 to be transacted is annexed hereto.
3. The relevant details as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of person seeking appointment/re-appointment as Director under Item No. 3, 4 and 6 above is annexed hereto as additional information.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 23rd September, 2010 to Monday, 27th September, 2010 (both days inclusive). If the Dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made on and after 27th September, 2010 as under :
 - a) **To all beneficial owners in respect of shares held in electronic form** : As per the data as may be made available by the National Securities Depository Limited and Central Depository Services (India) Ltd. as on the close of business hours on 23rd September, 2010.
 - b) **To all shareholders in respect of shares held in physical form** : After giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 23rd September, 2010.
5. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of the Dividend. The Company or its Registrar cannot act on any request received directly from the Shareholders holding shares in electronic form for any change in Bank particulars or Bank mandates. Such changes are advised only to the Depository Participants by the Shareholders.
6. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics (P) Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
7. Corporate Member intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
8. Members are requested to bring their Attendance Slip for attending the Meeting.
9. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

Notice

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

(Annexure to the Notice convening the 10th Annual General Meeting to be held on Monday, 27th September, 2010)

Item No. 6

The members had, at the Annual General Meeting of the Company held on 22nd September, 2009 approved the re-appointment and payment of remuneration to Mr. Binit Jain, Executive Director for a period of 15 months effective from 01.06.2009 to 31.08.2010.

Mr. Binit Jain was actively involved in the overall management of the Bishnupur plant of the Company, and under his supervision, the performance of the plant has improved significantly.

The Board of Directors, on the recommendation of the Remuneration Committee, has re-appointed Mr. Binit Jain in their meeting dated 31st August, 2010 as an Executive Director of the Company for a further period of 1 (one) year, with effect from 1st September, 2010 and entered into an agreement subject to the approval of members in the General Meeting. The principal terms of appointment are as follows :

REMUNERATION

Salary of Rs. 50,000/- (Rupees Fifty Thousand) only per month with an authority to the Board to grant such further increases from time to time as they may deem fit, within the limits specified in Schedule XIII of the Act, as may be amended from time to time.

However, in case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Binit Jain shall be restricted to Part II Section II [1A] of Schedule XIII of the Act.

No sitting fees for attending the Meeting of the Board of Directors and/or Committee thereof from the date of the re-appointment.

No claim for damages if the office of the Executive Director is determined by reason of reconstruction or amalgamation whether by the winding up of the Company or otherwise.

Each party has the right of terminating the appointment upon giving two months notice in writing.

The terms and conditions for the re-appointment and the remuneration payable to Mr. Binit Jain as an Executive Director of the Company as set out in the Notice and Explanatory Statement should also be treated as an Abstract of the terms of his appointment and Memorandum of Interest under Section 302 of the Companies Act, 1956.

Copy of agreement may be inspected at the registered office of the Company on any working day during business hours.

Your Directors recommend this resolution for approval.

None of the Directors except Mr. Binit Jain are concerned or interested in the resolution at Item No. 6 of the Notice.

ADDITIONAL INFORMATION

Disclosure pursuant to Clause 49(G)(i) of the Listing Agreement with regard to the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (Refer Item No. 3, 4 and 6 of the Notice) :

Name of the Director	Age	Date of Appointment	Brief resume and nature of expertise in functional area	Other Directorships*/ Committee Memberships
Mr. Suresh Kumar Patni	51 years	7th April, 2000	He is a B. Com Graduate from Calcutta University. He has a wide experience of more than two decades in Iron & Steel and Ferro Alloys Industry. He is also the co-promoter of Impex Ferro-Tech Limited and Ankit Metal & Power Limited for manufacturing and dealing in Ferro Alloys and Iron & Steel Industries.	Directorships : Ankit Metal & Power Limited Impex Ferro-Tech Limited Impex Industries Limited Impex Metal & Ferro Alloys Ltd. VSN Agro Products Limited SKP Power Ventures Limited Committee Memberships : Ankit Metal & Power Limited - Audit Committee - Remuneration Committee Impex Ferro-Tech Limited - Investor Grievance Committee
Mr. Asoke Kumar Basu	60 years	11th August, 2008	He is a Bachelor in Engineering (Mechanical) and has 35 years of experience in Ferro Alloys Industry. He has worked with SAIL for 5 years under Alloy Steel Plant in Durgapur, for the expansion project. He also has an experience of 12 years in the field of design, operation & maintenance including commissioning of Cement Industries both in India and abroad. Presently he provides the Consultation and Engineering services in the field of detailed engineering in the Steel and Cement Sector.	Directorships : Nil Committee Memberships : Nil
Mr. Binit Jain	31 years	15th October, 2004	He is a Commerce graduate and looks after the overall operations of the Company's Bishnupur plant. He is associated with the Bishnupur plant of the Company since its inception, and was instrumental in the overall commissioning of the plant. After having rich experience in setting up the plant at Bishnupur, he was also actively involved in the setting up of the Ferro Alloy Plant at Jaipur, Orissa.	Directorships : Hira Concast Ltd. Committee Memberships : Nil

Mr. Suresh Kumar Patni holds 1,020,100 shares while Mr. Asoke Kumar Basu and Mr. Binit Jain does not hold any equity shares in the Company.

* Excludes Directorship in Private/Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

Directors' Report

Dear Shareholders

Your Directors have pleasure in presenting their Tenth Annual Report together with audited statement of accounts for the financial year ending 31st March, 2010.

FINANCIAL RESULTS

(Rs. in Crores)

Particulars	Current Year 31st March, 2010	Previous year 31st March, 2009
Net Sales	824.36	874.75
Operating Profit	102.48	69.81
Interest	39.65	46.00
Depreciation	10.83	9.91
Profit before Tax (PBT)	52.00	13.90
Tax Expense	15.98	4.86
Profit after Tax (PAT)	36.02	9.04
Balance brought forward from previous year	123.13	118.23
Adjustment for earlier years	(1.85)	(1.84)
Profit available for Appropriation	157.30	125.43
Less : Appropriated as under		
- Proposed Dividend (5%) including Tax	2.30	2.30
- Transfer to General Reserve	—	—
Surplus carried to Balance Sheet	155.00	123.13

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 0.50 per share on 39,482,945 Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2010 subject to approval of the members at the ensuing Annual General Meeting. The total outflow on account of dividend on equity shares together with the Corporate Tax on Dividend will be Rs. 2.30 Crores.

FINANCIAL AND OPERATIONAL REVIEW

During the year under review, the Company has recorded a growth of 298% in the Net Profit after Tax, although there is a decline in sales from Rs. 874.75 Crores in FY 2008-09 to Rs. 824.36 Crores in FY 2009-10. The above achievement was possible on account of better efficiency and cost reduction along with the turnaround in the economic situation worldwide.

There is a significant increase in the production during the year which stood at 1,42,289 MT compared to 1,15,376 MT last year.

Consequent on the improved working of the Company during the year, the net worth stood at Rs. 303.84 Crores as against Rs. 223.45 Crores last year. There has been a marginal increase in Gross Fixed Assets which increased to Rs. 260.33 Crores compared to Rs. 249.82 Crores last year

excluding Capital Work-in-Progress pending Capitalization. Overall there has been a substantial improvement in the Company's financial position.

AWARDS AND ACHIEVEMENTS

The Company has received awards from EEPC for the following categories for its achievements in export performance:

- 2006-07 - Top Exporter from Eastern Region
- 2007-08 - Star Performer as Large Enterprise

The Company has also been nominated for All India Best Exporter Award in Ferro Alloys by EEPC for the year 2008-09.

The Company is associated with the following institutions :

- EEPC (Engineering Export Promotion Council)
- IFAPA (Indian Ferro Alloys Producers' Association)
- FIEO (Federation of Indian Exporters' Organisation)
- ICDA (International Chrome Development Association)
- CII (Confederation of Indian Industries)
- ICC (Indian Chamber of Commerce)
- BCC (Bharat Chamber of Commerce)
- IMNI (International Management Institution)

Directors' Report

EXPORT MARKETING AND INITIATIVES

Despite the global meltdown and weak international demand the Company achieved an export turnover of Rs. 472.66 Crores.

The Company has a very strong customer extension activity internationally adding new business partners from Japan, Slovenia, Peru, Ukrain, Egypt and Turkey

The Company adopted the following strategies for establishing better and direct marketing contact with its overseas customers :

- Direct contract with steel plants
- Appointed agent/employee in China, Korea, Europe for direct marketing.
- Retail selling concept to cater to small buyers requirement directly like foundries etc
- Signed contract with two major warehouse in China (SHANGHAI/ NINGBO) and Europe (ROTTERDAM) for storing the cargo for retail selling. The Company is also planning to open a new warehouse in Japan (NAYOGA).

NEW PROJECTS AND EXPANSIONS

Haldia Unit - West Bengal

The 100% EOU project at Haldia consisting of 6 Furnace of 9 MVA capacity each to produce ferro alloys commenced commercial production on 10th June, 2010 by starting one Furnace of 9 MVA.

On 10th August, 2010 the 2nd furnace at the Haldia unit also commenced production. The remaining 4 furnaces and the sintering plant are expected to commence production in a phased manner reaching full commercial operation by end of the current financial year.

On completion of its ongoing projects, the Company will emerge as one of the largest producer of ferro alloys in the country.

Jajpur Unit - Orissa

The proposed Captive Power Plant of 110 MW at Jajpur unit will be constructed in two phases. The detailed project report has been prepared and the Company is awaiting financial closure to start the implementation of the project.

Bishnupur Unit -West Bengal

The Stainless steel project at Bishnupur in West Bengal having the production capacity of 1,00,000 tonne per annum is under implementation and is targeted for completion by October, 2011.

DIRECTORS

Mr. Suresh Kumar Patni and Mr. Asoke Kumar Basu, Directors of your Company, are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Binit Jain, Executive Director of the Company, whose terms of appointment expires on 31st August, 2010 has been re-appointed by the Board of Directors for a further period of one year, subject to the approval of the shareholders in the ensuing Annual General Meeting.

A brief resume/details related to Directors seeking appointment/re-appointment is furnished as an Additional Information in the notice of the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm

- 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;
- 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;
- 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;
- that they have prepared the accounts for the financial year on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT

The Statutory Auditors M/s. S. Jaykishan, Chartered Accountants, holds office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956 and they are not otherwise disqualified within the meaning of sub Section (3) of Section 226 of the Companies Act, 1956 for such appointment.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/explanation. The Notes to Accounts referred to in the Auditors' Report are self-explanatory, and therefore, do not call for any further comments/explanation.

CONSOLIDATED FINANCIAL STATEMENT

As stipulated in Clause 41 of the Listing Agreement entered into with the stock exchanges, the Company has prepared Consolidated Financial Statements in accordance with the relevant Accounting Standards (AS - 21) issued by the Institute of Chartered Accountants of India (ICAI). The Audited Consolidated Financial Statements along with the Auditors Report thereon form part of the Annual Report.

SUBSIDIARIES

The Company has a Wholly-Owned-Subsidiary named SKP Overseas Pte. Ltd. incorporated in Singapore. The Statement as required under Section 212 of the Companies Act, 1956 is attached hereto forming part of this report. The Directors' Report and Audited Accounts of the subsidiary also form part of the Annual Report.

PROPOSED RIGHT ISSUE AND INCREASE IN AUTHORISED SHARE CAPITAL

The Company with a view to raising funds inter alia for financing its ongoing projects, vide resolution passed by the members of the Company through postal ballot decided to issue equity shares to the existing shareholders of the Company on rights basis. The said issue, having received final clearance from the Securities and Exchange Board of India as well as in-

Directors' Report

principle approval from both the exchanges, is planned to open in the next few weeks. The Board of directors have fixed the rights entitlement of 2(two) equity shares for every 5(five) fully paid-up equity share held by the members as on the record date and the issue price has been fixed at Rs.60/- per equity share. (including Premium of Rs. 50/-per share). To accommodate the allotment of equity shares consequent to the rights issue, the Company has enhanced its authorized share capital to Rs. 80 Crores from Rs. 45 Crores

CREDIT RATING

The Company has approached CARE rating agency for annual review of its credit rating based on the audited financial results for the year ended 31st March, 2010.

INSURANCE

The Company's present and future plant, property, equipments and stocks are adequately insured against major risks. After taking into

account all the relevant factors, including the risk benefit trade-off, the Company has consciously decided to take insurance cover for loss of profit arising only due to Fire and Allied Perils.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the public and as such, no amount of principal and interest was outstanding as on the date of the Balance Sheet.

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND REPORT ON CORPORATE GOVERNANCE

A Management Discussion & Analysis Report and a Report on Corporate Governance along with the certificate from the Company Secretary in Practice regarding compliance with mandatory requirements as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges, is presented in a separate section forming part of the Annual Report.

PARTICULARS OF EMPLOYEES

Details of employees 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 during 2009-10 is given as statement herein below :

Name	Age (Years)	Qualification	Date of Commencement of employment	Designation	Remuneration received (gross)	Experience (Years)	Last employment
Mr. Rohit Patni	26	BE, MBA	27.08.2007	Managing Director	Rs. 36,00,000/-	4	Continuing as Jt. MD in Ankit Metal & Power Ltd.
Mr. Ankit Patni	25	CFA	27.08.2007	Jt. Managing Director	Rs. 24,00,000/-	5	Continuing as MD in Ankit Metal & Power Ltd.

Notes :

1. Remuneration includes only salary.
2. Mr. Rohit Patni and Mr. Ankit Patni are brothers and are sons of Mr. Suresh Kumar Patni (Chairman).
3. None of the Company's employees are related to the Directors of the Company.

DISCLOSURE OF PARTICULARS

A statement giving details of Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this report.

HUMAN RESOURCES AND TRADE RELATIONS

Your Directors wish to place on record their appreciation for the employees contribution at all levels and for their deep unstinted support in helping the Company achieve its goals.

ACKNOWLEDGEMENT

The Board also desires to place on record its appreciation for the support and co-operation received from its Shareholders, Regulatory & Government Authorities, Suppliers, Customers and Bankers. 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

Suresh Kumar Patni
Chairman

Kolkata, 31st August, 2010

Anneure to the Directors' Report

ANNEXURE - I

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 :

A. CONSERVATION OF ENERGY

- a) Energy Conservation Measure
 - i) Close monitoring of high energy consuming equipment in plants.
 - ii) Using power factor controller/capacitors to maintain power factor.
 - iii) Keeping maximum demand under control by scheduling other load during equipment testing, among others.
 - iv) Continuation and increasing scale of measures taken.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : NIL
- c) Impact of the measures at (a) and (b) above, for reduction of energy consumption, and consequent impact on cost of production of goods :
 The electricity consumption has been reduced to 3,804 units/MT from 4,096 units/MT during the FY 2009-10. Similarly, Coal and Coke consumption has also been reduced from 674 Kg/MT to 516 Kg/MT. This resulted in lower cost of production of goods.
- d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure is annexed hereto.

B. TECHNOLOGY ABSORPTION

Particulars with respect to technology absorption are given in Form - B

FORM - A

(Form for Disclosure of Particulars with respect to Conservation of Energy)

Particulars	2009-2010	2008-2009
Power and Fuel Consumption		
1. Electricity		
Total units Purchased/Consumed	541,231,200	472,601,200
Total Cost (Rs.)	1,676,174,394	1,276,725,213
Average rate per unit (Rs.)	3.10	2.70
2. Coal and Coke		
Quantity (MT)	73,394	77,771
Total Cost (Rs.)	906,084,843	1,012,065,143
Average rate per MT (Rs.)	12,345	13,013
Consumption Per Unit of Production		
1. Electricity (Unit/MT)	3,804	4,096
2. Coal and Coke (Kg/MT)	516	674

Anneure to the Directors' Report

FORM - B

(Form for Disclosure of Particulars with respect to Technology Absorption for the year ended 2009-10)

A. RESEARCH AND DEVELOPMENT (R & D)

- a) *Specific areas in which R & D carried out by the Company :*
Quality Control Management and Technology
- b) *Benefits derived as a result of the above R & D :*
- High Chromium recovery in finished goods.
 - Better Metal recovery from Slag.
 - Reduction in per unit Power consumption.
- c) *Future plan of action :*
Adoption of new technology to made ore fines suitable for direct charging into furnace.
- d) *Expenditure on R & D :*
Rs. 795,500

B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

- Efforts, in brief, made towards technology absorption, adoption and innovation :
The Company continues its efforts to improvise and innovate its existing production and manufacturing processes with the objective of conservation of energy and waste utilization.
- Benefits derived as a result of the above efforts :
The overall productivity and efficiency has increased.
- In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished :

(a) Technology Imported	Nil
(b) Year of Import	N.A.
(c) Has technology been fully absorbed	N.A.
(d) If not fully absorbed. Areas where this has not taken place reasons thereof and future plans of action	N.A.

C. FOREIGN EXCHANGE EARNING AND OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans :
As stated under the heading "EXPORT MARKETING AND INITIATIVES" in the Directors' Report.
- b) Details of Foreign Exchange used and earned :

(Rs. in Crores)

	2009-10	2008-09
1 Foreign exchange earned	472.66	528.59
2 Foreign exchange used	133.91	221.64

For and on behalf of the Board

Suresh Kumar Patni
Chairman

Kolkata, 31st August, 2010

Management Discussion and Analysis Report

ECONOMIC ENVIRONMENT

The situation of the world economy has been improving since the second quarter of 2009. International trade and global industrial production have also been recovering noticeably, with an increasing number of countries registering positive quarterly growth of Gross Domestic Product (GDP). This is an important turnaround after the free fall in world trade, industrial production, asset prices and global credit availability which threatened to push the global economy into the pocket of a new great depression in early 2009. The economic revival has been driven in no small part by the effects of the massive policy stimuli injected worldwide since late 2008. Developing countries, especially those in Asia are expected to show the strongest recovery in 2010.

INDIAN ECONOMY

India is currently second fastest growing economy in the world in terms of purchasing power parity, with a GDP of \$1.095 trillion in 2009 with per capita GDP at US\$3,100. The largest contribution towards GDP came from the services sector, which contributed 58.4% of the total GDP. The industry sector contributed 25.8% and agriculture added 15.8% to the GDP. Services kept its position as the biggest employer as well for the huge workforce of 467 million people. Services employed 62.6%, while industry generated 20% and agriculture pitched in 17.5% of the total jobs (Source: Economywatch.com).

INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company is in the manufacturing of Chromium and Manganese based Ferro Alloys viz. High Carbon Ferro Chrome, Silico Manganese and Ferro Manganese and some other ferro alloys. These Alloys primarily used as alloying elements in production of steel and are essential additives in steel making used for imparting desired properties to steel.

Ferro Alloys enhance the strength, durability, anti-corrosion and anti-stain properties of steel. They are used in alloys, special and stainless steels.

Alloy Steel Industry : The presence of one or more Ferro Alloys - Manganese, Silicon and Vanadium, among others, enhances strength and durability. The use of alloy steel has increased substantially across the industrial, consumer durables and automobile industries, the demand for which is expected to grow at a CAGR of 5% across 2013-14.

Stainless Steel Industry : This value-added product enjoys corrosion resistance due to a minimum 10.5% chromium presence. Ferro Chrome is used as deoxidizer in the production of stainless steel. Stainless steel's resistance to corrosion and staining, low maintenance and luster make it an ideal base material for a host of commercial applications like utensils, infrastructure, automobile, builders' hardware and railways.

There is no substitute for chromium in stainless steel production, and is widely practiced as the substitute for nickel to some proportion.

The growth of Ferro Alloys Industry is directly linked with the growth of Iron and Steel Industry which in turn depend upon its user industry i.e. infrastructures and housing, automobiles, consumer durables etc. About 90% of world Ferro Alloy production is consumed by the Iron and Steel Industry with balance 10% being consumed by engineering sector.

FERRO ALLOYS SECTOR AND OUTLOOK

Despite global meltdown, the ferro alloys industry registered a production growth of 7.20 per cent during fiscal 2009-10. Asia-Pacific, the largest and fastest growing region for manganese alloys is expected to consume 1.6 million tonnes of Ferro Manganese and 2.2 million tonnes of Silico Manganese in 2010. The ferro alloy capacity in India stood around 3.64 million tonnes and its capacity utilization stood at 61% thereby producing 2.2 million tonnes of ferro alloys. With such a huge capacity build-up by the Indian Ferro Alloy industry, it is sufficient enough to produce 150 tonnes of finish steel. Despite this, the Indian finished steel production during the year 2009-10 stood at 59.02 million tonnes.

The stainless steel industry is the largest consumer of ferro chrome and a revival in production of stainless steel has turned to be remarkable in Europe, USA, Japan and South Korea. In addition, China has been increasing their production of stainless steel which in turn has resulted in increased demand for ferro chrome. The global consumption for ferro chrome in 2009-10 stood at 6,738,000 tonnes.

The demand for silico manganese and ferro manganese has also seen renewed surge with the price line hardening up resulting in much improved realization rates for the Company.

OPPORTUNITIES AND THREATS

Ferro Alloy industry is a Power Intensive industry. So, Captive Power as well as Captive supply of raw materials are the key factors for the success of this industry. The volatility in the major input cost i.e. ores, coal and power holds threat of increase in cost of production. The volatility of the ore prices as well as the finished product prices are the other major concern.

However, with the positive prospects of the industry, availability of all inputs within the country and the Company's current linkage with renowned overseas manganese ore and chrome ore miners and coal/coke, the Company is confident of maintaining cost competitiveness and prevails over the competition in the market place.

The Company's proposed Captive Power Plant of 110 MW in Orissa will also help the Company to mitigate the risk of availability of power as well as increasing power cost in the future. The Company is going to install 67 MW power plant in the first phase.

The Company has already secured coal supply for its own consumption as well as its proposed power plant by its acquisition of economic stake in its thermal and coking coal mines in Indonesia to make it more competitive and secured on the energy front.

The Company's 100% EOU project in Haldia for ferro alloys alongwith a beneficiation plant for upgrading the widely available manganese ore fines worldwide has already started production which will also help in reducing the product cost and give cutting edge to the Company in this competitive environment.

RISKS AND CONCERNS

Scarcity and price rise of raw materials and other inputs such as power etc. are the main area of concern for the Company. However, these factors