



# CHALLENGING TIMES. PRACTICAL SOLUTIONS.

Rohit Ferro-Tech Limited | Annual Report 2011-12



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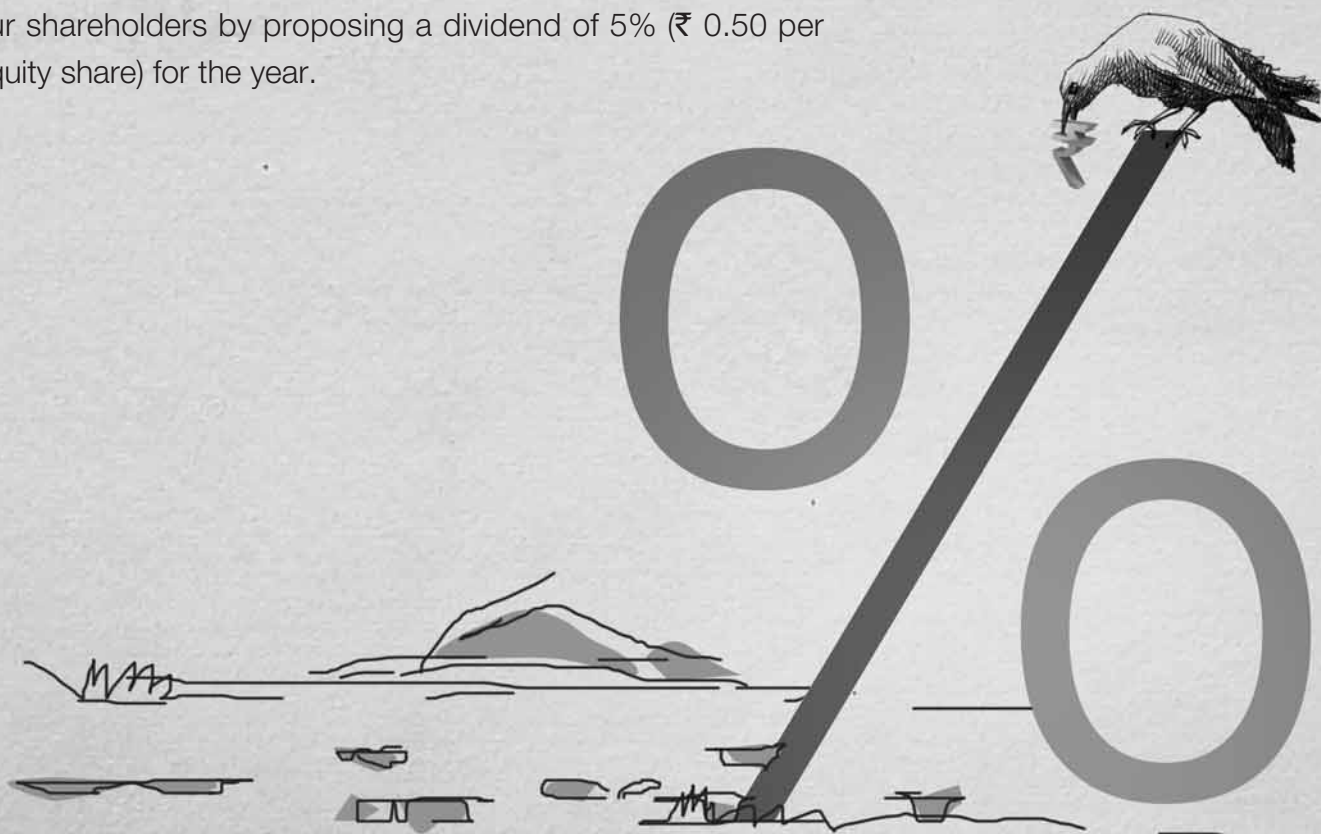
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“It was the best of times, it was the worst of times...” goes the famous quote.

The spirit of this extract could well encapsulate the character of 2011-12 as tremors across the global economy shook the foundations of our country as well. This was manifest in interest rates ruling high on the back of stubborn inflation levels, which ultimately impacted industrial and consumption growth, resulting in overall GDP growth sliding to 6.5% for the year.

At Rohit Ferro-Tech Limited (RFTL), we know that we cannot predict the future. But we can certainly create it. So we combined the power of ancient wisdom and practical sense to fight the challenging times.

And emerged triumphant as we reported stable financials and minimised volatility in our performance in 2011-12 and rewarded our shareholders by proposing a dividend of 5% (₹ 0.50 per equity share) for the year.



COKING COAL AND  
THERMAL COAL MINES  
ON THE ONE HAND.

VALUE-ADDED FERRO-  
ALLOYS AND STAINLESS  
STEEL PRODUCTS ON  
THE OTHER.

THIS INTEGRATION  
POSITIONS US AS ONE  
OF INDIA'S MINING  
AND METAL COMPANY  
WITH A DIFFERENCE.

## VISION

To be a globally recognised enterprise that creates value on a sustainable basis by leveraging its captive energy and minerals resources in the metals and mining space.

## CREDIBILITY

Part of the ₹ 3,800 crores SKP Group, comprehensively engaged in the natural resources, ferro alloys, power and steel industries.



## KEY CUSTOMERS

**Domestic :** Steel Authority of India Ltd., Shah Alloys Ltd., JSL Stainless Ltd., G.E.E. Ispat Pvt. Ltd., etc.

**Overseas :** Glencore International AG, Asia Minerals Ltd. (AML), Thyssen, ABS, Traxys Europe S.A., Tsingshan Holding Group, POSCO, Lianzhong Stainless Steel Corp., Mitsui, Arcelor Mittal, Stencore, Noble, Hyundai, Hanwa, Marubeni, etc.

## EXPORTS

Ferro-alloys exported to China, Japan, Korea, Indonesia, Vietnam, Taiwan, Thailand, Netherlands, Italy, Greece, Spain, Romania, Germany, Sweden, Russia, Ukraine, Poland, Brazil, Argentina, Peru, Mexico, West Indies, USA, Turkey, Doha, Saudi Arabia and UAE.

## SPREAD

Manufacturing facilities located in Haldia and Bishnupur (both in West Bengal) and Jajpur (Odisha); depots located in West Bengal, Gujarat, Chhattisgarh, Andhra Pradesh, Uttar Pradesh and Tamil Nadu; thermal coal and coking coal mines located in Indonesia.

## PRODUCTS

High-carbon ferro-manganese, silico-manganese, high-carbon ferro-chrome and ferro-silicon; stainless steel.

## POSITIONING

One of India's largest ferro-alloys manufacturer with an overall capacity of 2,74,583 TPA.

## Asset Base

Product	Location	Capacity
Ferro-Alloys	Haldia and Bishnupur – West Bengal; Jajpur – Odisha	2,74,583 TPA
Stainless Steel	Bishnupur – West Bengal	1,00,000 TPA
Captive Power	Jajpur – Odisha (under implementation)	67.5 MW
Coal	Kalimantan, Indonesia	Thermal Coal - mineable reserves of 20 Million Tonnes Coking Coal - mineable reserves of 5 Million Tonnes

# NECESSITY

## – THE MOTHER OF INVENTION

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A thirsty crow saw a pitcher and flew to it with great delight. When he reached it, he discovered that it contained so little water that he could not reach it. He tried everything to reach the water, but in vain. At last, he collected stones and dropped them one by one into the pitcher until he brought the water within his reach and drank it to quench his thirst.

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### TO OUR STAKEHOLDERS,

At RFTL, our story is not just about manufacturing ferro-alloys but one of forging ahead despite adversity. Our story is not just of reliably supplying products but one of relentless pursuit of discipline and excellence. Our story is not just of reaching out to most parts of the globe but one of applying practical solutions to face even the most insurmountable challenges.



The year 2011-12 will be remembered as one in which we continued our march ahead, despite several headwinds, to create a sustainable and future-ready business model. This is already reflected in the fact that our total revenues increased to ₹ 1,684.92 crores, EBITDA to ₹ 188.15 crores in 2011-12 and we exported nearly 62% of ferro-alloys produced which underlines strong demand of our products in overseas market. When we went into business and commenced operations, we were firm in building an enterprise that would not be swayed by short-term challenges but would stand tall even in the face of the worst crises.

Several financial, operational and organisational initiatives that we have driven very meticulously into the fabric of our culture have helped create a business model that is built to face the stress test and thrive. In particular we have :

- Considerably increased our value chain ownership through the possession of economic interest in coking coal and thermal coal mines on the one hand and manufacture of ferro-alloys and stainless steel on the other.
- Extensively enhanced business sustainability through this integration, which will enable us to capture value across all intervening points of the chain, extend our geographic footprint to cater to a larger customer base, open up several new revenue streams and de-risk the enterprise as a whole.
- Significantly optimised overhead expenses by minimising wastages and maximising output, procuring resources in bulk to reduce input cost and tapping those pockets which fetch us the best realisations.

## Way forward

Going ahead, we plan to focus on :

- Maximising capacity utilisation to not only generate a larger output but also to optimise overhead costs.
- Stabilising operations at our greenfield stainless steel plant.
- Enhancing ferro-alloys output at Jajpur through the establishment of an additional 33 MVA furnace; financial closure for this project has already been achieved.
- Focusing on developing infrastructure across our Indonesian coal mines.
- Executing works on our 67.5 MW captive power plant as per the blueprint.

I would express my gratitude to our diverse stakeholders, customers, vendors, bankers, all the staff members and the Board of Directors for their continued support, enthusiasm and guidance. I look forward to your continuing patronage and trust in our mission.

Sincerely,

Suresh Kumar Patni  
Chairman

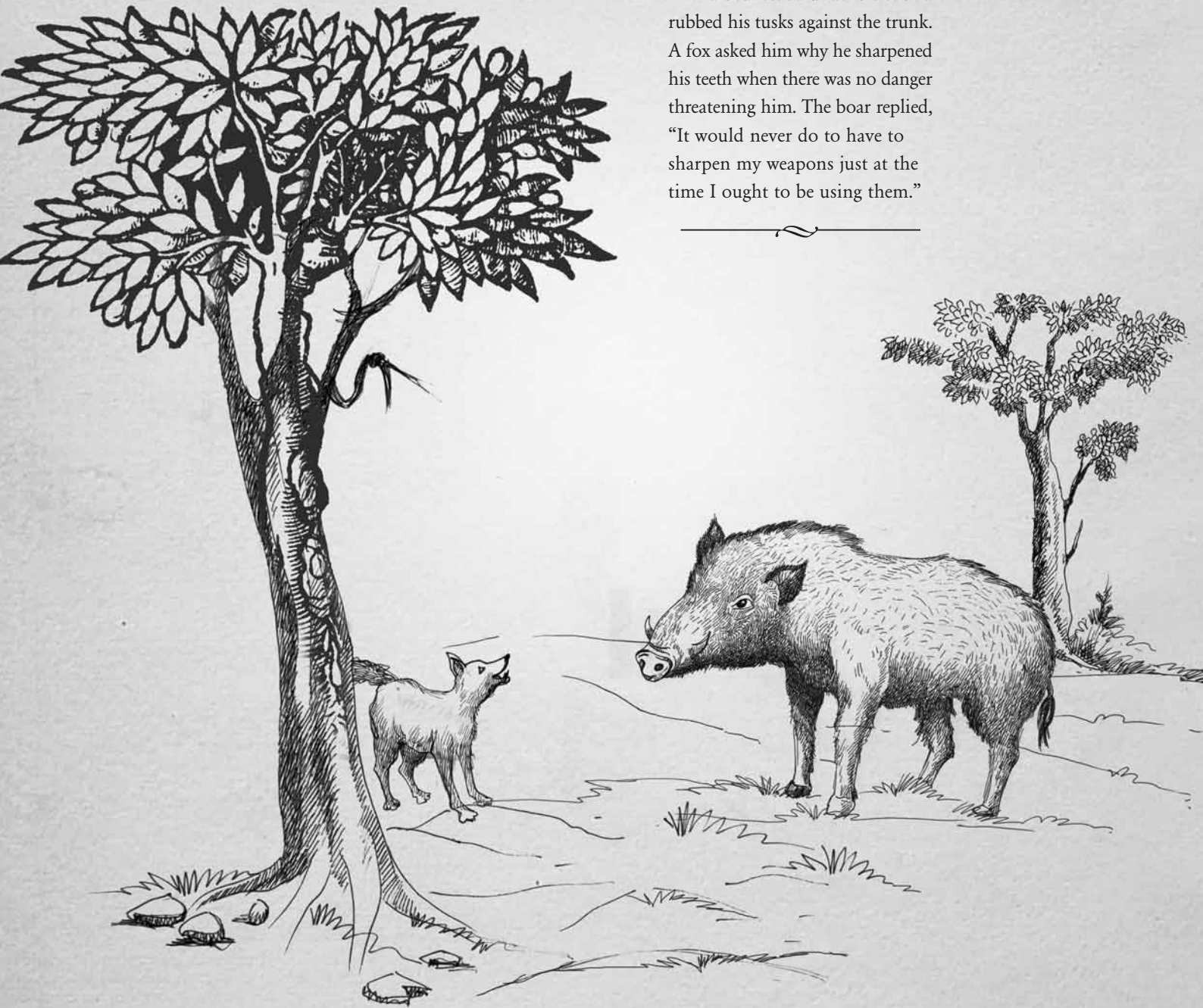


# FUTURE-READY

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A wild boar stood under a tree and rubbed his tusks against the trunk. A fox asked him why he sharpened his teeth when there was no danger threatening him. The boar replied, "It would never do to have to sharpen my weapons just at the time I ought to be using them."

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# PROACTIVE

At RFTL, we have thoughtfully created an extensively integrated business model that will survive the turbulence in rough waters and sail smoothly in calm waters.



## Power Points

- We have created one of India's largest ferro-alloys capacities. We are further strengthening this through establishment of an additional 33 MVA sub merged arc furnace at Jajpur for which financial closure has already been achieved
- We have already forward integrated into the manufacture of stainless steel, which will expand our marketing capabilities and create stronger links with customers.
- We are in the process of establishing a 67.5 MW captive power plant at our Jajpur unit, which will meet energy requirements of the unit to a large extent and help reduce input cost in the long term.
- We have acquired economic interests in Indonesian coal mines. On the one hand, this strategic edge will ensure continual and cost effective supply of coal for the power plant and on the other it will feed the coal requirement for manufacturing of ferro-alloys. The resources are large enough for us to conduct merchant sale of the resource and generate a new revenue stream.

# THE VALUE IS IN THE USE

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A miser sold all that he had and bought a bag of gold, which he buried by the side of a wall and went daily to look at it. One of his workmen watched his movements, discovered the hidden treasure and stole it. The miser found the hole empty on his next visit and started crying loudly. A clever neighbor said, "Do not grieve but take a stone and fancy that it is gold. It will do you the same service for when the gold was there you did not make the slightest use of it!"

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