

# CORPORATE GOVERNANCE REPORT

FOR THE YEAR 2010-11

## Corporate Governance Philosophy

We believe that good Corporate Governance is a key driver of sustainable corporate growth and long term value creation of our stakeholders. Corporate Governance involves being responsive to aspirations of our stakeholders besides ensuring compliance with regulatory requirements. The Company has always been taking the spirit of various legislations as guiding principles and proposes to go well beyond statutory compliance by establishing such systems and procedures as are required to make the management completely transparent

and institutionally sound. We are committed to conduct the business upholding the core values like transparency, integrity, honesty, accountability and compliance of all statutes. We recognise that this is a conscious and continuous process across the Organisation, which enables the Company to adopt best practices as we incorporate improvements based on the past experience.

## Board of Directors

The Company has an optimum Board consisting of 8 Directors headed by Mr. Suresh Kumar Patni, Non-Executive

Chairman with 3 Executive Directors and 5 Non-Executive Directors, of which, 4 are Independent. The numbers of Non-executive Directors are more than 50% of the total strength of the Board.

None of the Directors on the Board are member of more than ten Committees and they do not act as Chairman of more than five Committees across all the Companies of which they are the Directors. The Directors regularly inform the Company about the changes in their positions as and when changes take place, apart from the annual disclosures.

The current composition and category of the Board of Directors of the Company along with the number of Board meetings attended by the Directors during the year 2010-11 are given below :

Name of the Director	Category	No. of Board Meetings Attended	No. of Membership in Other Boards and Other Committees as on 31st March, 2011#		Whether attended the Last AGM
			Board	Committee\$	
Mr. Suresh Kumar Patni	Promoter/ Non-Executive Chairman	19	8	2	NO
Mr. Rohit Patni	Promoter/Executive	19	6	1	YES
Mr. Ankit Patni	Promoter/Executive	17	5	2	YES
Mr. Binit Jain	Executive	17	–	–	NO
Mr. Kailash Chand Jain	Independent/Non-Executive	14	3	3 (Chairman - 3)	YES
Mr. Jatindra Nath Rudra	Independent/Non-Executive	14	1	2 (Chairman - 1)	YES
Mr. Jayanta Kumar Chatterjee	Independent/Non-Executive	14	–	–	YES
Mr. Asoke Kumar Basu	Independent/Non-Executive	12	–	–	YES

# Excluding Foreign Companies, Private Companies and Companies under Section 25 of the Companies Act, 1956.

\$ Only the two committees viz. Audit Committee and Shareholder's Grievance Committee are considered for this purpose.



**Notes :**

- 1. None of the Non-Executive Directors have any pecuniary relationship or transactions with the Company except for holding Directorship & receiving sitting fee, save and except Mr. Suresh Kumar Patni who is also the promoter of the Company (ies), which has a business relation with this Company.
- 2. Twenty (20) Board Meetings were held during the year 2010-11 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows :  
5th April, 2010; 10th May, 2010; 12th May, 2010; 5th June, 2010; 2nd August, 2010; 10th August, 2010;

28th August, 2010; 31st August, 2010; 15th September, 2010; 16th September, 2010; 23rd September, 2010; 23rd October, 2010; 12th November, 2010; 2nd December, 2010; 24th December, 2010; 1st February, 2011; 10th February, 2011; 2nd March, 2011; 16th March, 2011; 31st March, 2011.

- 3. The information as specified in Annexure - IA to Clause 49 of the Listing Agreement entered into with the Stock Exchange is regularly made available to the Board whenever applicable.
- 4. The Board periodically reviews compliance reports of all laws

applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

- 5. Mr. Rohit Patni, Managing Director and Mr. Ankit Patni, Joint Managing Director are the sons of Mr. Suresh Kumar Patni. No other directors in the Board are related to each other.

**Code of Conduct**

The Code of Conduct for the Board of Directors and Senior Management Personnel as adopted is available on the Company's website <http://www.rohitferrotech.com>. All the members of the Board and Senior Management Personnel have affirmed the compliances of the Code of Conduct.

**Declaration**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board members and Senior Management Personnel of the Company have affirmed compliances with the Code of Conduct of the Company for the year ended 31st March, 2011.

For Rohit Ferro-Tech Limited

Kolkata, 12th August, 2011

**Rohit Patni**  
*Managing Director*

**Committees of Directors**

**1. Audit Committee**

The Company has an Audit Committee within the scope as set out in Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee includes the powers as laid down in Clause 49 (II) (C) and the role as stipulated in Clause 49 (II) (D) of the Listing Agreement and review of information as laid down in Clause 49(II) (E).

The composition of the Audit Committee and the details of meetings attended by the Committee members are given below :

Name of the Member	Category	No. of meeting attended during the year
Mr. Kailash Chand Jain	Independent (Chairman)	5
Mr. Jatindra Nath Rudra	Independent	5
Mr. Jayanta Kumar Chatterjee	Independent	4

The Managing Director, Joint Managing Director and VP-Finance & Accounts are permanent invitees to the Committee. The



Company Secretary acts as Secretary of the Audit Committee. The Audit Committee invites, as and when considers appropriate, the representatives from the auditors to be present at the meeting of the Committee.

Mr. Kailash Chand Jain, Independent Director having expertise in finance, is the Chairman of the Audit Committee and all the other members of the committee are financially literate. He was present at the last Annual General Meeting of the Company held on 27th September, 2010 to answer the queries raised by the Shareholders.

During the financial year ended 31st March, 2011 five Audit Committee Meetings were held on 12th May, 2010; 10th August, 2010; 31st August, 2010; 12th November, 2010; 10th February, 2011. The necessary quorum was present at these meetings.

The Annual Accounts for the year ended 31st March, 2011 were duly reviewed by the Audit Committee at its meeting held on 20th May, 2011 prior to adoption by the Board.

The financial statement of the Company's

wholly owned Subsidiary M/s. SKP Overseas Pte. Ltd. has been placed before the Audit Committee for review.

## 2. Remuneration Committee

The Company has a Remuneration Committee consisting of three Independent Directors, viz. Mr. Jatindra Nath Rudra (Chairman), Mr. Kailash Chand Jain and Mr. Jayanta Kumar Chatterjee.

The terms of reference of the Remuneration Committee are broadly as follows :

- a) To determine and recommend to the Board of Directors the remuneration package of the Managing Director(s) and Wholetime Directors(s) including periodical revisions therein.
- b) To approve, in the event of loss or inadequate profit in any year, the minimum remuneration payable to the Managing Director(s) and Wholetime Director(s) within the limits and subject to the parameters prescribed in Schedule XIII to the Companies Act, 1956.

The Committee met once during the year

on 31st August, 2010. All the members of the Committee have attended the meeting.

The Chairman of the Committee has attended the last Annual General Meeting for giving replies to shareholder's queries; if any.

## Remuneration Policy

### A. For Executive Directors :

The Board of Directors on the recommendation made by the Remuneration Committee decides the remuneration of the executive directors subject to the approval of members. The remuneration structure comprises only of the salary. No severance fees is payable to the directors on termination of the employment. The Company does not have any scheme for Stock-option either for the directors (executive/non-executive) or the employees.

### B. For Non-Executive Directors :

The Non-executive directors are paid sitting fees for attending each meeting of the Board and/or Committee thereof and the same is within the limits prescribed by the Companies Act, 1956.

## Remuneration of Executive Directors

The Company has paid remuneration only by way of salary to its executive directors within the limits specified under Schedule XIII of the Companies Act, 1956 and approved by the Board as well as by the shareholders of the Company. Details of remuneration paid to Directors in 2010-11 are as follows :

Name of the Director and Designation	Salary paid (₹)	Period of Contract		Notice Period
		From	To	
Mr. Rohit Patni (Managing Director)	3,600,000	27.08.2007	26.08.2012	2 Months
Mr. Ankit Patni (Jt. Managing Director)	2,400,000	27.08.2007	26.08.2012	2 Months
Mr. Binit Jain (Executive Director)	600,000	01.09.2010	31.08.2011	2 Months

During the current year, on the recommendation made by the remuneration committee, the Board of Directors in their meeting held on 12th August, 2011 has re-appointed Mr. Binit Jain, subject to the approval of members in General Meeting, as an Executive Director of the Company for a further period of 1 year w.e.f 1st September, 2011.

### Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors consists only of sitting fees for attending the meeting of the Board of Directors or a Committee thereof. The details of fees paid during the year and the shares held by them as on 31st March, 2011 are as follows :

Name of the Director	Sitting Fees paid (₹)	No. of Shares held as on 31st March, 2011
Mr. Asoke Kumar Basu	30,000	Nil
Mr. Jatindra Nath Rudra	49,500	Nil
Mr. Jayanta Kumar Chatterjee	48,500	Nil
Mr. Kailash Chand Jain	47,000	Nil
Mr. Suresh Kumar Patni	50,000	1,536,403

### 3. Investor Grievance cum Share Transfer Committee

The Investor Grievance cum Share Transfer Committee has three Non-Executive Directors out of which two are Independent in compliance with Clause 49 of the Listing Agreement.

The Committee shall look into the following :

- To review and ensure compliance of statutory provisions of the Companies Act, the guidelines of SEBI and the Stock Exchanges and other statutory requirements relating to transfer and transmission of share/debenture of the Company.
  - To review and ensure that the Registrar/Company's Transfer House implements all statutory provisions as above.
- Approve transfers/transmission of shares/debenture and demat/remat of the shares/debentures.
  - Approve issue of duplicate share certificates, consolidate/sub-division of share certificates on completion of the procedures as may be stipulated.
  - Ensure all shareholders queries, grievance and complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. are attended and redressed in an expeditious manner.
  - Any other matter referred by the Board relating to equity shareholders of the Company.

The Committee met once during the year for reviewing the investor's complaints/grievances etc. on 31st March, 2011.

The composition of the Committee & the details of meeting attended by the members are given below :

Name of the Member	Category	No. of meeting attended during the year
Mr. Jayanta Kumar Chatterjee	Independent (Chairman)	1
Mr. Jatindra Nath Rudra	Independent	1
Mr. Suresh Kumar Patni	Non- Executive	1

The Company Secretary has been designated as Secretary to the committee and as Compliance Officer of the Company. The Company Secretary has been delegated the authority to approve the requests for transfers/transmission, split and remat/demat of shares of the Company. The committee reviews the transfer/demat/remat approved by the Company Secretary and take note thereof in their subsequent meeting(s).

The Company has received total 3 Investor's grievances/complaints during the year ended 31st March, 2011 all of which were replied/resolved to the satisfaction of the shareholders. No complaints were pending.

### Procedure for Committee Meetings

The Company's procedure relating to Board Meetings are

applicable to Committee meetings as far as may be practicable. Minutes of the proceedings of the committee meetings are placed before the Board meetings for perusal and noting.

### Subsidiary Companies

A wholly owned subsidiary of the Company has been incorporated in Singapore on 9th April, 2008. The minutes of the meetings of the subsidiary companies were placed before the Board Meetings alongwith statement of significant transaction entered.

The Audit Committee also reviews the investments made by the aforesaid Subsidiary Company as and when the investments are made.



## General Body Meetings

The last three Annual General Meetings were held as under :

Financial Year	Date	Place	Time
2009-2010	27th September, 2010	'ROTARY SADAN' 94/2, Chowringhee Road, Kolkata - 700 020	3:00 PM
2008-2009	22nd September, 2009	'ROTARY SADAN' 94/2, Chowringhee Road, Kolkata - 700 020	1:30 PM
2007-2008	25th September, 2008	'ROTARY SADAN' 94/2, Chowringhee Road, Kolkata - 700 020	11:00 AM

### Special Resolutions Passed at the last three AGMs :

Financial Year	Items
2009-2010	Re-appointment of Executive Director (Mr. Binit Jain)
2008-2009	Re-appointment of Executive Director (Mr. Binit Jain)
2007-2008	None

No special resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting. During the year under review, no special resolutions were passed through postal ballot.

## Disclosures

- There are no materially significant related party transactions, i.e. transactions of the Company of material nature with its promoters, directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all the transactions with the related parties were on an arms length basis. A disclosure of related party relationship and transactions as per AS - 18 is given in the 'Related Party Disclosures' Note No. B-20 in Schedule - 22 to the Annual Accounts of the Company.
- While preparation of financial statements during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standards are followed.
- The Company has complied with all the

requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No strictures or penalty were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

- The risk assessment and minimisation procedures are in place and the Board is regularly informed by the Senior Executives about the business risks, if any occurs, and the steps taken to mitigate the same.

- Though the Company does not have a whistle blower policy, the Company promotes ethical behaviour in all its business activities. All employees are free to approach the Audit Committee to raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest.

- In terms of clause 49(IV)(F)(ii) of the Listing Agreement, the senior management has disclosed to the Board that they have no personal interest in the

material, financial and commercial transactions of the Company that may have potential conflict with the interest of the Company at large.

- Proceeds from the Rights Issue : During the year under review, the Company has raised ₹ 9475.91 Lacs by issuing 15,793,178 equity shares of ₹ 10 each on right basis at a premium of ₹ 50 to part finance its Haldia Project. The Company has utilised the entire proceeds in the said project as per the object of the issue stated in the Letter of Offer.

- All mandatory requirements have been appropriately complied with and the non-mandatory requirements are dealt with at the end of the report.

### CEO/CFO Certification

The Company placed a certificate to the Board from CEO and CFO in accordance with the provisions of Clause 49 (V) of the Listing Agreement. The aforesaid certificate duly signed in respect of the financial year ended 31st March, 2011 has been placed before the Board in the meeting held on 20th May, 2011.

## Means of Communication

### 1. Financial Results

In compliance with the requirements of the Listing Agreements, the Company has intimated Audited Financial Results as well as the Unaudited Quarterly Results to the Stock Exchanges immediately after they are taken on record by the Board. Further coverage has been given for the information of the shareholders and investors by publication of the financial results in English national daily – “The Economic Times/The Financial Express/The Times of India” and in a local vernacular newspaper – “Dainik Statesman” widely circulated in the state of West Bengal. The results were also placed on the Company’s website at <http://www.rohitferrotech.com>.

### 2. Other Information

The Company has its own website <http://www.rohitferrotech.com> wherein other related information is available. The Company has a dedicated help desk e-mail id : [grievance@rohitferrotech.com](mailto:grievance@rohitferrotech.com) in the secretarial department for providing necessary information to the investors as well as for registering any complaints/grievances. The Company also holds press meets/analysts meets to appraise and make public the information relating to the Company’s working and future outlook. The Company also posts on its website all its official news releases, important announcements and presentations made before the press meets, analysts and institutional investors from time to time for the benefit of its investors and public at large.

## Profile of Directors Seeking Appointment/ Re-Appointment

Resume and other information of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting as required under Clause 49 of the Listing Agreement are given in the notice of ensuing Annual General Meeting as an Additional Information.

## Management Discussion & Analysis Report

A Management Discussion & Analysis Report is given separately, and forms part of Annual Report.

## General Shareholder Information

### 1. Annual General Meeting (AGM)

Day, Date & Time : Thursday,  
15th September, 2011 at 10.30 AM.  
Venue : ‘Rotary Sadan’,  
94/2, Chowringhee Road,  
Kolkata-700 020

### 2. Date of Book Closure :

10th September, 2011 to 15th September, 2011  
(both days inclusive)

### 3. Dividend payment date :

On or after 15th September, 2011

### 4. Financial Calendar : Indicative calendar of events for the financial year 2011-2012 is as under :

Financial Year : 1st April to 31st March

#### Unaudited/Audited Financial Results for :

First Quarter	Already disclosed on 12th August, 2011
Second Quarter	Within 45 days from the end of the quarter
Third Quarter	Within 45 days from the end of the quarter
Fourth Quarter/ Financial Year	Within 60 days from the end of the quarter/financial year
Annual General Meeting	On or before 30th September, 2012

## 5. Listing of the Equity Shares on Stock Exchange

Name of the Stock Exchange	Address	Stock Code
Bombay Stock Exchange Ltd. (BSE)	“Phiroze Jeejeebhoy Tower” Dalal Street, Mumbai-400 001	532731
The National Stock Exchange of India Ltd. (NSE)	“Exchange Plaza” Bandra-Kurla Complex, Bandra (E), Mumbai-400 051	ROHITFERRO

The Company has paid the Listing fee for the year 2011-12 to both the Stock Exchanges where the shares of the Company are listed and also to the depositories.

## 6. The International Security Identification Number (ISIN) for NSDL & CDSL : INE248H01012.

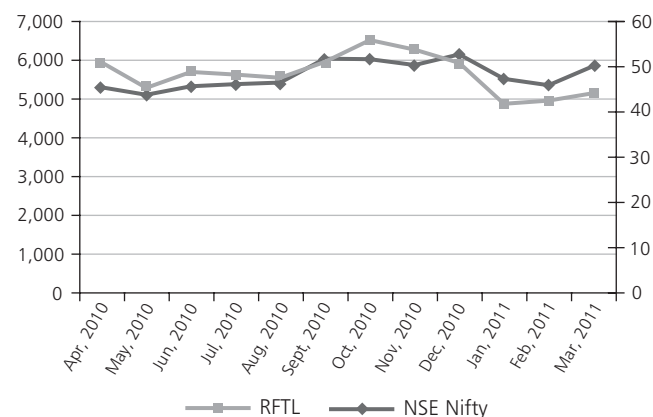
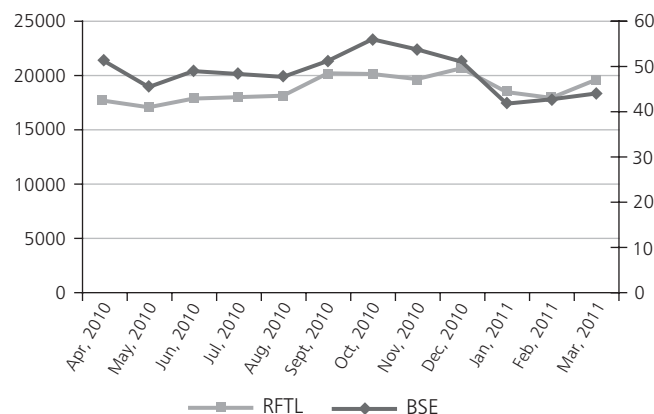


## 7. Market Price Data

The Stock Market data on BSE & NSE for the last twelve months are provided herein :

Month	The National Stock Exchange of India Limited		Bombay Stock Exchange Limited	
	High	Low	High	Low
April, 2010	60.30	42.20	60.20	42.70
May, 2010	53.90	42.00	54.30	42.25
June, 2010	53.10	42.30	53.00	44.20
July, 2010	53.10	47.10	53.30	47.00
August, 2010	54.50	45.90	54.30	46.00
September, 2010	53.95	47.10	53.80	47.50
October, 2010	63.50	51.40	63.65	51.55
November, 2010	67.45	51.05	67.50	51.45
December, 2010	56.25	43.50	56.35	43.50
January, 2011	54.60	34.40	54.65	40.10
February, 2011	51.50	35.00	51.50	34.70
March, 2011	49.10	42.50	49.20	42.55

## 8. Performance in comparison to broad based indices



## 9. Shareholding Pattern as on 31st March, 2011

Particulars	No. of Shares	%
Indian Promoters	36,657,842	66.32
Domestic Bodies Corporate	5,485,180	9.92
Resident Individuals	11,885,448	21.50
Non-Resident Individuals	365,570	0.66
Foreign Institutional Investors	666,193	1.21
Foreign Institutions/Banks	10,620	0.02
Trust	500	0.00
Clearing Member	204,770	0.37
<b>TOTAL</b>	<b>55,276,123</b>	<b>100.00</b>

## 10. Distribution of Shareholding as on 31st March, 2011

Range	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total
Upto 500	14,119	80.03	2,279,254	4.12
501 to 1,000	1,635	9.27	1,380,915	2.50
1,001 to 10,000	1,678	9.51	5,076,394	9.18
10,001 to 100,000	190	1.08	4,569,072	8.27
100,001 and above	20	0.11	41,970,488	75.93
<b>Total</b>	<b>17,642</b>	<b>100.00</b>	<b>55,276,123</b>	<b>100.00</b>

## 11. Dematerialisation of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialised form which is available for trading on both NSDL and CDSL. As on 31st March, 2011, 42,363,920 equity shares representing 76.64% of the share capital are held in dematerialised form viz. CDSL – 13,449,605 equity shares and NSDL – 28,914,315 equity shares.

**12. Registrar and Share Transfer Agent**  
Maheshwari Datamatics Pvt. Ltd. of 6, Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata - 700 001 are the Registrar and Share Transfer Agent of the Company, both for Physical and Demat Segments. Accordingly, all communications on matters relating to Share Transfers, Dividend etc. may be sent directly to them. Complaints, if any, on these matters may also be sent to the Compliance Officer of the Company.

## 13. Share Transfer System

The share transfer requests are processed on behalf of the Company by Registrar & Transfer Agent M/s. Maheshwari Datamatics Pvt. Ltd. and are placed before the Company Secretary who has been delegated by Investor Grievance cum Share Transfer Committee to approve transfers.

## 14. Outstanding ADR's/GDR's/Warrants

The Company has at present no outstanding ADR's/GDR's/Warrants to be converted that has an impact on the equity.

## 15. Name, Designation & Address of Compliance Officer for Complaints & Correspondence

**Ms. Vineeta Baid**  
Company Secretary & Compliance Officer  
(#appointed w.e.f. 16.05.2011)

### Registered Office :

**Rohit Ferro-Tech Limited**  
35, C. R. Avenue, 4th floor,  
Kolkata - 700 012;  
Phone : +91 33 2211 9805/9806  
E-mail : grievance@rohitferrotech.com

### Corporate Office :

**Rohit Ferro-Tech Limited**  
SKP House, 132A, S.P.Mukherjee Road,  
Kolkata - 700 026  
Phone : +91 33 4016 8000/8100  
Fax : +91 33 4016 8189

## 16. Plant Locations

**Bishnupur**  
WBIIDC Road, P.O. Dwarika  
Bishnupur – 722 122,  
Dist : Bankura (West Bengal)

### Jajpur

Kalinganagar Industrial Complex  
Duburi – 755 026, Dist : Jajpur (Orissa)

### Haldia

Jaynagar, PO : Buniaraichak,  
PS : Durgachak  
Dist : Purba Medinipur (West Bengal)

## Non-Mandatory Requirements

### 1. Chairman of the Board

A Chairman's office with requisite

facilities is being provided and maintained at the Company's expense for use by the Non-Executive Chairman. All expenses incurred in furtherance of the Company's business interest are reimbursed by the Company.

### 2. Remuneration Committee

The Company has formed a Remuneration Committee comprising of 3 (Three) Independent Non-Executive Directors as stated under 'Committees of Directors' in this report.

### 3. Audit Qualification

The Company does not have any audit qualification and it attempts to move towards a regime of unqualified financial statement.

### 4. Other Items

The rest of the non-mandatory requirements such as Shareholder's Rights, Training of Board Members, Mechanism for evaluation of Non-Executive Board Members, and Whistle Blower Policy will be implemented by the Company as and when required.

For Rohit Ferro-Tech Limited

**Suresh Kumar Patni**  
Chairman

Kolkata, 12th August, 2011





## CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To  
The members of  
Rohit Ferro-Tech Limited

We have examined the compliance of conditions of Corporate Governance by Rohit Ferro-Tech Limited, for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance of conditions of Corporate Governance as stipulated in the said clause. 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 explanations given to us, and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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 A J & ASSOCIATES  
*Company Secretaries*

Date : 12th August, 2011  
Place : Kolkata

**Abhijeet Jain**  
*Proprietor*  
C.P. No. 3426