

R. Kothari & Company

CHARTERED ACCOUNTANTS

MUMBAI, KOLKATA, NEW DELHI

REVIEW REPORT

To
The Board of Directors
M/S. Rohit Ferro-Tech Limited

- 1) We have reviewed the unaudited financial results of Rohit Ferro-Tech Limited (the "Company") for the quarter ended December 31, 2016 which are included in accompanying "Statement of Unaudited Standalone Financial Results for Quarter and Nine Months Ended 31st December 2016" and the statement of assets and liabilities on that date together with the notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015") and SEBI Circular dated July 5, 2016, which has been initialed by us for identification purposes. The Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Further, the Management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Company's opening unaudited Balance Sheet as at April 1, 2015 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of Companies Act, 2013 and other recognised accounting practices and policies. Our responsibility is to issue a report on the Statement based on our review.
- 2) We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. The Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free from material misstatement.
- 3) A review is limited primarily to inquiries of the company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



- 4) We draw your attention to Note No.9 of the unaudited financial results regarding non provision of interest expense amounting to Rs.7370 Lacs on the borrowings of the company for the quarter ended December 31, 2016 and Rs. 15290 lacs for nine months ended 31st December, 2016 which is not in accordance with the requirements of Ind AS 23: Borrowing Costs read with Ind AS 109: Financial Instruments. The Company has also reversed the interest provided in the earlier periods from the date the accounts been categorized as Non Performing Asset by the respective lenders amounting to Rs NIL in the quarter ended 31st December, 2016 and Rs 10,416 lacs in the nine months ended 31st December, 2016. This has consequential impact on the reported figures of this quarter as well as earlier periods. Had the aforesaid interest expense been recognized the total comprehensive Income/ (loss) for the quarter ended 31st December, 2016 would have been Rs (10,612) Lacs instead of Rs (3,242) Lacs and for the nine months ended 31st December, 2016 would have been Rs (20,562) Lacs instead of Rs (5,272) Lacs.
- 5) Based on our review conducted as above, except for the matter referred in Paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of the unaudited financial results prepared in accordance with the applicable Accounting Standards prescribed under section 133 of the Companies Act, 2013 has not been prepared in all material respects in accordance with Ind AS and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 and SEBI circular dated July 5 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
- 6) We draw your attention to the following matters:
- a. Note 2 of the Statement which states that the Company has adopted Ind AS for the financial year commencing from April 1, 2016, and accordingly, the Statement has been prepared by the Company's Management in compliance with Ind AS.
 - b. We were neither engaged to review, nor have we reviewed the comparative figures including the reconciliation to the Total Comprehensive Income for the quarter ended December, 2016 and accordingly, we do not express any conclusion on the results in the Statement for the quarter ended December 31, 2016. As set out in Note 2 to the Statement, these figures have been furnished by the Management.



- 7) (a) We draw your attention to Note No. 7 of the financial results which indicate that as at 31st December, 2016, the accumulated losses amounting to **Rs.85,550** lacs has eroded the entire net worth of the company, indicating the existence of a material uncertainty about the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis for the reasons stated in the said note.
- (b) Substantial amount of statutory dues amounting to **Rs. 2526.05 Lacs** has become overdue and remain unpaid. Interest, penalty, if any, in respect of the same has remained unascertained and unaccounted for.
- (c) As referred in Note No. 6, the balance of sundry debtors, advances, creditors etc. includes balances remaining outstanding for a substantial period. The balances are subject to confirmations and reconciliation. The reported financials might have consequential impact which remains unascertained.

Our conclusion is not qualified in respect of these matters.

Date: 14.02.2017
Place: Kolkata



For **R.Kothari & Company**
Chartered Accountants
Firm Reg. No.:-307069E

A handwritten signature in black ink, appearing to read "M. Sethia".

C.A. Manoj Kumar Sethia
Partner
Membership No.:- 064308

(₹ in Lacs)

Statement of Standalone Unaudited Financial Results for the quarter and nine months ended 31st December, 2016						
Sr No.	Particulars	Three months ended	Three months ended	Three months ended	Nine months ended	Nine months ended
		31.12.2016	31.12.2015	30.09.2016	31.12.2016	31.12.2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	(a) Net Sales/Income from Operations (Net of excise duty)	16,807	32,105	13,866	39,879	1,33,260
	(b) Other Operating Income	30	107	13	56	395
	Total Income from Operations (net)	16,837	32,212	13,879	39,935	1,33,655
2	Expenses					
	(a) Cost of Materials consumed	12,978	17,385	13,177	31,197	65,867
	(b) Purchase of Stock-in-Trade	-	12,110	-	288	45,792
	(c) Changes in inventories of finished goods and work-in-progress	(372)	4,572	(2,984)	(4,082)	7,576
	(c) Employee benefits expense	319	415	300	911	1,470
	(d) Depreciation and amortisation expense	825	884	860	2,564	2,143
	(e) Power	4,409	2,616	3,998	11,317	15,841
	(f) Other expenses	1,619	2,119	1,977	6,108	8,615
	Total Expenses	19,778	40,101	17,328	48,303	1,47,304
3	Profit from operations before other income, finance costs and exceptional items (1-2)	(2,941)	(7,889)	(3,449)	(8,368)	(13,649)
4	Other Income	227	56	40	508	613
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items(3+4)	(2,714)	(7,833)	(3,409)	(7,860)	(13,036)
6	Finance Costs	516	6,021	(9,953)	(2,624)	16,535
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(3,230)	(13,854)	6,544	(5,236)	(29,571)
8	Exceptional Items	-	-	-	-	-
9	Profit/(Loss) from ordinary activities before tax (7+8)	(3,230)	(13,854)	6,544	(5,236)	(29,571)
10	Tax expense	-	-	-	-	-
11	Net Profit/(Loss) from ordinary activities after tax (9-10)	(3,230)	(13,854)	6,544	(5,236)	(29,571)
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net Profit/(Loss) for the period (11-12)	(3,230)	(13,854)	6,544	(5,236)	(29,571)
14	Other Comprehensive Income/ (Loss) (net of tax)	(12)	(12)	(12)	(36)	(36)
15	Total Comprehensive Income/ (Loss) for the period (13+14)	(3,242)	(13,866)	6,532	(5,272)	(29,607)
16	Paid-up equity share capital (Face Value ₹ 10 each)	11,378	11,378	11,378	11,378	11,378
17	Earnings Per Share (before and after extraordinary items) (of ₹ 10 each) (not annualised):					
	a) Basic (₹)	(2.84)	(12.18)	5.74	(4.60)	(25.99)
	b) Diluted (₹)	(2.84)	(12.18)	5.74	(4.60)	(25.99)
See accompanying notes to the Standalone Unaudited Financial Results						
# Refer Note 2						



Segment wise Revenue, Results and Capital Employed						
Sr No.	Particulars	Three months ended	Three months ended	Three months ended	Nine months ended	Nine months ended
		31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	30.09.2016 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)
1	Segment Revenue					
	a) Ferro Alloys	15,140	15,562	7,654	28,453	66,844
	b) Iron & Steel	4,720	17,987	6,225	15,394	75,905
	Total	19,860	33,549	13,879	43,847	1,42,749
	Less: Inter Segment Revenue	3,023	1,337	-	3,912	9,094
	Total income from operations (net)	16,837	32,212	13,879	39,935	1,33,655
2	Segment Results					
	Profit before Finance Costs & Tax					
	a) Ferro Alloys	12,631	(4,963)	(8,387)	4,420	(9,969)
	b) Iron & Steel	(15,602)	(2,892)	4,977	(12,540)	(3,131)
	c) Un-allocated	257	22	1	260	64
	Total Segment Profit before Finance Costs and Tax	(2,714)	(7,833)	(3,409)	(7,860)	(13,036)
	Less : i) Finance Costs	516	6,021	(9,953)	(2,624)	16,535
	ii) Exceptional Items	-	-	-	-	-
	Total profit/(loss) before tax	(3,230)	(13,854)	6,544	(5,236)	(29,571)
	Segment Assets					
a) Ferro Alloys	2,02,766	2,07,051	1,95,367	2,02,766	2,07,051	
b) Iron & Steel	64,687	1,03,718	84,539	64,687	1,03,718	
c) Unallocated	7,557	8,388	8,417	7,557	8,388	
Total Capital employed	2,75,010	3,19,157	2,88,323	2,75,010	3,19,157	
Segment Liabilities						
a) Ferro Alloys	11,926	32,590	20,771	11,926	32,590	
b) Iron & Steel	19,380	43,917	30,026	19,380	43,917	
c) Unallocated	871	871	871	871	871	
Total Capital employed	32,177	77,378	51,668	32,177	77,378	
3	Capital employed (Segment assets - Segment liabilities)					
	a) Ferro Alloys	1,90,840	1,74,461	1,74,596	1,90,840	1,74,461
	b) Iron & Steel	45,306	59,801	54,513	45,306	59,801
	c.) Unallocated	6,685	7,517	7,546	6,685	7,517
Total Capital employed	2,42,831	2,41,779	2,36,655	2,42,831	2,41,779	
	See accompanying notes to the Standalone Unaudited Financial Results					
	# Refer Note 2					

NOTES:-

- The above unaudited financial results have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors of the Company held on 14th February, 2017.
- The Company has adopted Indian Accounting Standards (Ind AS) from 1st April 2016. The figures for the quarter ended 31st December 2015 are also Ind AS compliant. They have not been subject to limited review or audit. However, the management has exercised necessary diligence to ensure that the financial results provide a true and fair view of the Company's affairs. The Statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Beginning 1st April 2016, the Company for the first time Adopted Ind AS with a transition date of 1st April 2015.
- The format for Un-audited Quarterly and Nine Months as prescribed in SEBI'S circular CIR/CFO/CMD/15/2015 dated 30 November 2015 has been modified to comply with requirements of SEBI'S circular dated 5th July, 2016, IND AS and Schedule III (division II) to the Companies Act, 2013 applicable to Companies that are required to comply with IND AS.
- The Statement does not include Results for the previous year ended 31st March, 2016 as the same is not mandatory as per SEBI'S circular dated 5th July, 2016.
- The Joint Lender Forum (JLF) of consortium bankers has since approved "in principle" the decision for the invocation of Strategic Debt Restructuring (SDR) in terms of RBI Guidelines and among other things is exploring the investment proposals in the company. The SDR has been kept in abeyance for the time being.
- In the opinion of the management, current and non current asset have a value of realisation in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Certain Balances of the sundry creditors, sundry debtors, unsecured loans and advances are subject to confirmations and reconciliation.



- 7 The operations of the company was severely impacted by weak steel industry scenario and lack of demand for company's finished product. Lower utilisation of capacity and drop in finish goods price realisation had impacted the topline as well as bottom line of the company. The company has incurred loss of ₹ 3,242 Lacs for the quarter ended 31st December, 2016 and accumulated loss as on 31st December, 2016 is ₹ 85,550 Lacs which is in excess of the entire net worth of the company. Hence, the company had made reference to the erstwhile Board for Financial and Industrial Reconstruction(BIFR) as per provision of Section 15(1) of Sick Industrial Companies(Special Provisions) Act, 1985, since repealed, on November 25, 2016, in terms of Resolution passed by Circulation on November 24,2016. The company has continuous support from the promoters and has put in place measures for revival and cost reduction. Considering the initiative of the company and given the emerging scenario of steel industry in India, the management is of view of foreseeable future about the operations of the company and accordingly the financial statements have been prepared under Going Concern basis.
- 8 The Company's Factory at Haldia (West Bengal) is suspended since 1st July, 2015 on account of depressed domestic and global market conditions in steel industry and excess procurement cost of Electricity. Robbery/Damages to certain properties had occurred and the Company had filed insurance claim for ₹ 2,603 Lacs. The corresponding WDV amounting to ₹ 1,898 Lacs against the above said claim amount of ₹ 2,603 Lacs has been duly reduced from the fixed assets. Further, insurance claim receivable under the heading "Other Current Financial Assets" has been accounted for ₹ 1,898 Lacs. The same has been accounted for in the Quarter ended September, 2016. The claim settlement is under process. The financial impact of such Insurance Claim / Burglary/ robbery on the reported financials, if any, remains unascertained and unquantified.
- 9 The lenders have stopped charging interest on debts, since the dues from the company have been categorised as Non Performing Asset. The company is in active discussion/negotiation with it lenders to restructure its debt at a sustainable level. In view of the above, pending finalization of the restructuring plan, the company has not provided accrued interest in its books during the quarter as the account has been declared NPA by the respective lenders. The amount of interest not so provided for the quarter ended 31st December, 2016 stands at ₹ 7,370 Lacs and for the nine months ended 31st December, 2016 at ₹15,290 Lacs. The same have consequential impact on the reported figures of this quarter as well as earlier periods.
- 10 Pursuant to CDR Package, the Company has received unsecured loans amounting to ₹ 7,280 lacs from promoters & promoter group companies as promoter's contribution, to be converted into equity. Subsequently, with the invocation of SDR, the said amount of ₹ 7,280 Lacs was allowed to be converted into equity at par. The Company has been advised by the lenders to convert a part of the unsecured loan by issuing 1,36,57,001 shares at par on preferential basis to the promoters and promoters group pending implementation of SDR and the same is under process.
- 11 Reconciliation of Net profit as previously reported on account of transition from the previous Indian GAAP to Ind-AS for the quarter ended 31 December 2015:

		(₹ in Lacs)	
Sr.No.	Particulars	Three months ended 31.12.2015	Nine months ended 31.12.2015
	Net Profit/ (Loss) for the period under Previous Indian GAAP	(13,853)	(29,572)
	Adjustments on account of:		
(a)	Measurement of investment at Fair value through Profit & Loss	1	7
(b)	Amortisation of Deferred Government Grant	(2)	(6)
(c)	Actuarial gain/ (loss) reclassified through Other Comprehensive Income	(12)	(36)
(d)	Impact of deferred tax on (a) to (c) above	-	
	Net Profit/ (Loss) for the period under Ind AS	(13,866)	(29,607)

- 12 The figures of the previous period has been regrouped / reclassified, wherever necessary to conform to the classification for the quarter ended 31st December 2016.
- 13 This Financial Statement has been prepared in accordance with Regulation 33 of SEBI (Listing Obligation & Disclosure Requirements) Regulation 2015.

On behalf of the Board of Directors
For ROHIT FERRO-TECH LIMITED


Akhil Patni
Managing Director

Place: Kolkata
Date: 14th February, 2017

