

# **THIRTY FOURTH ANNUAL REPORT**

## **2015-2016**



# **VBC FERRO ALLOYS LIMITED**

(AN ISO 9001 - 2008 COMPANY)  
CIN No : L27101TG1981PLC003223  
6-2-913/914, Third Floor, Progressive Towers,  
Khairatabad, Hyderabad - 500 004,  
Telangana, INDIA.

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## THIRTY FOURTH ANNUAL GENERAL MEETING

Day : Friday  
Date : 30.09.2016  
Time : 3.00 P.M.  
Venue : K.L.N. Prasad Auditorium, FAPCCI, 11-6-841  
Red Hills, HYDERABAD - 500 004.

### REGISTERED OFFICE

6-2-913/914, Third Floor, Progressive Towers,  
Khairatabad, Hyderabad - 500 004.  
Telangana, India.  
Tel +91 40 23301166/99, Fax +91 40 23390721

### WORKS

Rudraram Village, Patancheru Mandal  
Medak District, Telangana.  
Tel: 08455-220084, 08455-220130,  
Fax: 08455-220142

GIFTS WILL NOT BE DISTRIBUTED AT THE AGM



**BOARD OF DIRECTORS**

<b>Sri V.S. RAO</b>	Chairman
<b>Sri M.V. ANANTHAKRISHNA</b>	Director
<b>Dr. B. KINNERA MURTHY</b>	Director
<b>Sri M.S. LAKSHMAN RAO</b>	Managing Director

**AUDIT COMMITTEE**

<b>Sri M.V. ANANTHAKRISHNA</b>	Chairman
<b>Sri V.S. RAO</b>	Member
<b>Dr. B. KINNERA MURTHY</b>	Member

**INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE**

<b>Sri. V.S. RAO</b>	Chairman
<b>Sri M.V. ANANTHAKRISHNA</b>	Member
<b>Sri M.S. LAKSHMAN RAO</b>	Member

**NOMINATION & REMUNERATION COMMITTEE**

<b>Sri M.V. ANANTHAKRISHNA</b>	Chairman
<b>Sri V.S. RAO</b>	Member
<b>Dr. B. KINNERA MURTHY</b>	Member

**KEY MANAGERIAL PERSONNEL**

<b>Sri R. DHARMENDER</b>	CFO
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**AUDITORS :**

**M/s. BRAHMAYYA & CO.,**  
Chartered Accountants,  
Vijayawada.

**BANKERS :**

**BANK OF INDIA**  
Nampally Station Road,  
Hyderabad.

**SHARE TRANSFER AGENTS**

**VENTURE CAPITAL & CORPORATE INVESTMENTS PVT. LIMITED**

12-10-167, Bharat Nagar, Hyderabad - 500 018.  
Tel: +91 40 23818475 / 76, Fax: +91 40 23868024  
e-mail : info@vccilindia.com

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the meeting.



**NOTICE OF 34<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 34<sup>th</sup> Annual General Meeting of the Members of VBC Ferro Alloys Limited will be held on 30<sup>th</sup> September, 2016 at 3.00 P.M. at K.L.N. Prasad Auditorium of The Federation of Andhra Pradesh & Telangana Chambers of Commerce & Industry, situated at 11-6-841, Red Hills, Hyderabad - 500 004, to consider the following:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for Financial Year ended 31<sup>st</sup> March, 2016 together the reports of Directors and the Auditors Report thereon.

2. **Ratification of Auditors' Appointment:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Rules framed there under as amended from time to time, the Company hereby ratifies the appointment of M/s Brahmayya & Co., (Regn. No.000513S) Chartered Accountants, Vijayawada as the Statutory Auditors of the Company, made at the 32<sup>nd</sup> Annual General Meeting (AGM) of the Company, to hold office from the conclusion of this meeting until the conclusion of the 35<sup>th</sup> Annual General Meeting to be held in the year 2017 on such remuneration as may be determined by the Board of Directors."

By Order of the Board  
for VBC Ferro Alloys Limited  
Sd/-

M.S. Lakshman Rao  
Managing Director

Place : Hyderabad

Date : 12.08.2016

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. For the convenience of Members, Attendance Slip is annexed to this Notice. Members / Proxies / Authorized Representatives are requested to fill in and affix their signatures at the space provided therein and submit the same at the venue of the Annual General Meeting.
4. Copies of Annual Report will not be distributed at the venue of the Annual General Meeting and therefore, Members are requested to bring their copies of the Annual Report, which are mailed by the Company to them at their registered addresses.
5. Pursuant to provisions of the Companies Act, 2013 and applicable provisions of the Listing Agreement, Register of Members and Share Transfer Books of the Company will be closed from 23.09.2016 to 30.09.2016 (Both days inclusive), for the purpose of Annual General Meeting.
6. Members who wish to seek any further information / clarification at the meeting, on the annual accounts of the Company are requested to send their queries at least one week in advance from the date of the Meeting to the Managing Director at the Registered Office of the Company.
7. Members are requested to quote Folio No. / DP ID and Client ID in all correspondence and intimate any change in their address to the Company's Share Transfer Agents promptly.



8. Members who have multiple folios in identical names or joint holding in the same order are requested to intimate the Company's Registrars and Share Transfer Agents about the Ledger Folios of such holdings to enable them to consolidate all such shareholdings into a single folio.
9. Members are requested to avail the facility of converting their physical shareholdings into electronic mode of holding for their own convenience coupled with increased flexibility in dealing with such shares.
10. The dividend, if remaining unclaimed for 7 years from the date of declaration are required to be transferred by the Company to Investor Education and Protection Fund (IEPF). For the financial year 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 the Company has transferred the unclaimed dividend to IEPF and filed necessary forms with Registrar of Companies, Telangana and A.P. Members who wish to claim dividends of past years, which remain unclaimed, are requested to correspond with Registrars & Share Transfer Agents of the Company.
11. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Meeting.
12. In accordance with the MCA's "Green Initiative in Corporate Governance" allowing companies to share documents with its shareholders in the electronic mode and related amendments to the Listing Agreement with the Stock Exchanges, the company is sharing all documents with shareholders in the electronic mode, wherever the same has been agreed by the shareholders. Shareholders are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications
13. Voting through electronic means;
  - a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
  - b. The instructions for e-voting are as under:

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:
  - \* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name and the Folio Number in the PAN field. Eg. If your name is Ramesh Kumar with Folio Number 1 then enter RA00000001 in the PAN field.
  - # Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.
- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 27.09.2016 (9.00 a.m.) and ends on 29.09.2016 (6.00 p.m). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date (Record Date) of 22.09.2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). The e-voting period commences on 27th September 2016 (9:00 am) and ends on 29th September, 2016 (6:00 pm).

During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22<sup>nd</sup> September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 22<sup>nd</sup> September, 2016.

Mr. A.J.Sharma, Practicing Company Secretary (Membership No. 2120) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.vbcindia.com](http://www.vbcindia.com) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

**DIRECTORS' REPORT****Dear Members,**

Your Directors have pleasure in presenting the 34<sup>th</sup> Annual Report of the Company together with the Audited Statements of Accounts for the Financial Year ended March 31, 2016.

**FINANCIAL RESULTS:**

(₹. in Lakhs)		
PARTICULARS	Current Year 2015-16	Previous Year 2014-15
Gross Revenue	-	-
Profit/(Loss) Before Interest, Depreciation & Tax(PBIDT)	(34.17)	(213.48)
Finance Charges	435.15	493.06
Profit/(Loss) before Depreciation and Tax(PBDT)	(469.32)	(706.54)
Depreciation	56.20	75.68
Profit/(Loss) Before Tax(PBT)	(525.52)	(782.22)
Provision for Tax	-	64.96
Profit/(Loss) After Tax (PAT)	(525.52)	(717.26)
Profit/(Loss) brought forward from previous year	(539.86)	258.32
Adjustment in Depreciation	-	(80.92)
Profit/(Loss) carried to Balance Sheet	(1065.38)	(539.86)

**Industry Overview:**

The sharp decline in oil and commodity prices has impacted the economy of many commodity producing countries. As a result, the global steel industry has been impacted by significant oversupply in certain geographies, declining demand, falling spreads between steel prices and raw material prices and volatile currency movements. This situation has driven global steel prices lower and impacted profitability of steel companies. As a result of this, Ferro Alloys Industry could not sell its products at remunerative prices.

**Performance of your Company:**

Keeping in view of the above situation and to avoid further erosion of net worth, your Company suspended its manufacturing operations during the Financial Year 2015-16 also. As a result, your Company incurred a net loss of Rs.525.52 Lakhs during the Financial Year 2015-16 as against net loss of Rs.717.26 Lakhs in previous financial year.

**Prospects:**

The medium to long-term economic outlook in India continues to look promising and it is heartening to see the Government's drive to continue to liberalize the economy and focus on social sector spending in building both hard and soft infrastructure. Steel is the most crucial material in industrial development and infrastructure construction, and is, therefore, of strategic importance for national transformation. The progress in domestic steel industry is a pre-requisite for India to succeed in its industrial vision for 'Make-in India'. This presents good potential growth of Ferro Alloys industry in the Country as it solely depends on steel industry. Telangana State Government announced an incentive for the Ferro Alloys by way of reducing power tariff of Rs.1.50 for KWh and Ferro Alloy Industry can run its industry profitability subject to other market driven environment.



## **VBC FERRO ALLOYS LIMITED**

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### **Projects under Implementation- Thermal Power Plant -120 MW (2x60MW):**

You are aware that your Company is setting up 120MW (2x60MW) Coal Based Captive Power Plant at Bodepalli (V&GP), Sirpur Kagaznagar Mandal, Adilabad Dt. The estimated project cost is Rs. 696 Cr. The Company has obtained most of the clearances such as Environmental Clearance (EC), Consent for Establishment (CFE), NoC from Forest Department, Permission for water drawl and Airport Authority. Your Company has decided to setup the power project on priority basis through VBC Power Company Limited, a Special Purpose Vehicle Company and initiated the steps to hive off the power project division. The members and unsecured creditors have accorded their approval for scheme of arrangement between VBC Ferro Alloys Limited and VBC Power Company Limited at their meetings held on 5<sup>th</sup> December 2016. The matter is pending before Hon'ble High Court of Hyderabad Judicature for the State of Telangana and Andhra Pradesh.

### **Dividend & Reserves:**

As the Company incurred losses during the year under review, the Directors could not recommend dividend for the Financial Year 2015-16. Due to inadequate profits, no amount has been transferred to Reserves.

### **Share Capital:**

The Paid up Share Capital as on 31<sup>st</sup> March, 2016 was Rs.4.39 Cr. During the year under review, the company has not issued Equity Shares/ shares with differential voting rights/ granted stock options/ sweat equity.

### **Deposits:**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and as such, no amount of principal and interest was outstanding as on 31<sup>st</sup> March, 2016.

### **Details of Subsidiary/Joint Ventures/Associate Companies:**

Information pursuant to sub-section (3) of section 129 of the Act, i.e., the statement containing the salient features of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures is not applicable during the year, as there are no Subsidiary/Joint Venture Companies.

However, your Company has promoted the following two power companies by way of Equity Investments:

### **Investment In KGPL 445 Mw Gas Based Power Plant:**

Konaseema Gas Power Limited (KGPL), in which your Company has invested in equity, could not operate its plant during the financial year under review as there is no natural gas supply. Information pursuant to sub-section (3) of section 129 of the Act, i.e., the statement containing the salient features of the financial statement of KGPL, Associate Company is annexed as Annexure-I

### **Investment In OPCL 20 MW Dam Based Hydel Power Plant:**

20 MW Dam Based Hydro Electric Power Project by Orissa Power Consortium Limited (OPCL), in which your Company has invested in equity has generated 65.24 million units during the financial year 2015-16 and the said generation is below the designed energy level due to failure of monsoon and in turn low inflow to the Plant from upstream Rengali HEPP. Your Company is holding Equity Shares Capital of about 13.43% in OPCL.

### **Presentation of Financial Statements:**

The Financial Statements for the year ended 31<sup>st</sup> March, 2016 are prepared in due compliance of the Schedule III of the Companies Act, 2013.

### **Corporate Social Responsibility Policy:**

Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company has not adopted any Corporate Social Responsibility Policy.



**Cash Flow Statement:**

A Cash Flow Statement for the year 2015-16 is annexed to the Statement of Accounts.

**Board of Directors and Key Managerial Personnel:****a) Independent Director:**

As per the provisions of the Section 149(4) of the Companies Act, 2013 and rules made there under, every Listed Company shall have at least one Women Director. Accordingly, Members have appointed Dr. B.Kinnera Murthy as an Independent Women Director for a period of five years w.e.f 30<sup>th</sup> September 2016.

**b) Reappointment of Directors:** There are no Directors liable to retire at every Annual General Meeting on the Board of Directors.

None of the directors of the company is disqualified under the provisions of the Act or under the Listing Agreement with the Stock Exchanges.

**Number of Meetings of Board:**

During the year, four meetings of the Board of Directors were held, the details of which forms part of the report on Corporate Governance.

**Annual Evaluation of the Board, Committees and Individual Directors:**

Pursuant to the provisions of the Companies Act, 2013 and clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees as per the evaluation procedure approved by the Board.

**Policy on Directors Appointment and Remuneration Policy:**

The Board, on recommendation of Nomination & Remuneration Committee, has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Policy is also available on the website of the Company i.e., [www.vbcindia.co.in](http://www.vbcindia.co.in)

**Auditors:**

At the Annual General Meeting held on 30<sup>th</sup> September 2014, M/s Brahmayya & Co., Chartered Accountants, were appointed as statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s Brahmayya & Co., Chartered Accountants, as Statutory Auditors for the Financial Year 2016-17 of the Company, is placed for ratification of shareholders. In this regard, the Company has received a certificate from the Auditors to the effect that if they are appointed, it would be in accordance with the provision of the Section 141 of the Companies Act, 2013.

**Auditors' Report:**

The Auditors' Report contained a qualification regarding non-provision of Fuel Surcharge Adjustment and deemed energy charges. As advised by the Legal Counsel, your Company has not made any provision for Fuel Surcharge Adjustment (FSA) charges and deemed energy charges levied by TSSPDCL due to the cases pending before various Forums/Courts. Your Directors are of the view that there are bright chances of winning the cases.

The Auditors' Report contained a further qualification for maintenance of books under going concern basis. It is reported that the Company initiated effective steps to meet the power requirements of the Company by setting up 120 MW Coal based power plant at Bodepalli V&GP, Sirpur Kagaznagar Mandal, Adilabad District, Telangana State through VBC Power Company Limited by transferring its power division by way of demerger. Accordingly, the books of accounts of the Company are maintained under "Going concern Concept" as Board is confident of construction of Captive Power Plant starts on completion of demerger activities. Your Directors confident that natural gas supply will be improved in KG basin shortly, inturn Konaseema Gas Power Ltd. (KGPL) will resume its operations. Hence diminution in KGPL network is in temporary nature.

Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

**Cost Audit Report:**

The Company discontinued the Cost Audit as there are no manufacturing operations during the Financial Year 2015-16 and consequently the Company has not appointed Cost Auditors for the Financial Year 2015-16.

**Secretarial Audit Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company had appointed M.Nagakishore, Practicing Company Secretary to conduct the Secretarial Audit and give a Secretarial Audit Report for the Financial Year 2015-16 to be annexed to the Report of Board of Directors.

Secretarial Audit Report received from M.Nagakishore, Practicing Company Secretary in the prescribed Form MR-3 is annexed to this Report (Annexure-II). It is replied to the observations of Secretarial Auditors that Company will file certain E-forms shortly and Company is in the process of appointment of Company Secretary. The Company could not pay Income Tax and other dues due to insufficient cashflow. Apart from these, the Report does not contain any qualification, reservation or adverse remarks.

**Internal Audit & Controls:**

The Company appointed M/s K.S. Rao & Co., Chartered Accountants, Hyderabad, as its Internal Auditors. Their scope of work includes review of Records, Ledgers, voucher checking and the internal controls applied and practiced by the Company to ensure the Assets are safeguarded and payments are made only for the benefits received and also review of operational expenditure, effectiveness of internal control procedures and systems, and assessing the internal control strengths in all areas.

The internal control procedures and systems are adequate commensurating with the nature and size of the operations of the Company.

Internal Auditors findings are discussed and suitable corrective actions are taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

**Particulars of Loans, Guarantees or Investments under Section 186:**

The particulars of loans, guarantees and investments have been disclosed in the Financial Statements.

**Extract of Annual Return (MGT-9):**

Pursuant to section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT-9 is provided as Annexure- III.

**Particulars of Employees:**

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- (i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Executive Director	Ratio to Median remuneration
M.S. Lakshman Rao	50%

Our Non-executive Directors draw remuneration only by way of sitting fee. The details of the same are provided in the Corporate Governance Report which forms Annexure to this report. Hence, the ratio of remuneration of each Non-executive Director to the median remuneration could not be given.



- (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Name of the Person	% increase in remuneration in the financial year
M.S. Lakshman Rao	NIL
R.Dharmender	NIL

- (iii) the percentage increase in the median remuneration of employees in the financial year: NIL  
(iv) the number of permanent employees on the rolls of company: 4  
(v) the explanation on the relationship between average increase in remuneration and company performance;

There is no increase of the salary of the employees during the year under review.

- (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;  
The Remuneration to Key Managerial Personnel is below the norms being practiced in Comparable Industries for such experienced persons.  
(vii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: There is no increase of salaries to the employees.  
(viii) the key parameters for any variable component of remuneration availed by the Directors: There is no variable component of remuneration availed by Directors  
(ix) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year : Not Applicable as Company paid only sitting fees to Non-executive Directors.  
(x) Affirmation that the remuneration is as per the remuneration policy of the company.

The Company affirms remuneration is as per the remuneration policy of the Company.

None of the employees is drawing Rs. 8,500,000/- and above per month or Rs.1,02,00,000/- and above in aggregate per annum, the limits prescribed under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **Management Discussion & Analysis**

Pursuant to clause 49 of the Listing Agreement with Stock Exchange, a Report on Management Discussion & Analysis is enclosed as Annexure -IV

### **Corporate Governance:**

Pursuant to clause 49 of the Listing Agreement with Stock Exchange, a Report on Corporate together with the Auditors Certificate regarding compliance of the conditions of Corporate Governance and Management Discussion and Analysis Report forms part of this Report.

### **Particulars of Contracts or Arrangements with Related Parties:**

Your Company has formulated a policy on related party transactions which has been placed on the website of the company i.e. [www.vbcindia.co.in](http://www.vbcindia.co.in). There are no related party transactions except mentioned in the Financial Statements.

Accordingly, the details of Related Party Transactions are annexed in Form AOC-2 is not applicable.

### **Declaration by Independent Director(s):**

All the Independent Directors have submitted declarations to the Company to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

**DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:**

The Audit Committee consists of the following members as of date:

- a) M.V. Ananthakrishna, Independent Director - Chairman
  - b) V.S. Rao, Independent Director - Member
  - c) B. Kinnera Murthy, Non-executive Director - Member
- All the members of the Audit Committee are independent Directors.

**Vigil Policy**

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Company empowered the victimized Employees or Director to approach directly the Chairman of the Audit Committee for a solution to the issue so that the victimized Employee/Director is rescued. The said policy is available on the website of the Company [www.vbcindia.co.in](http://www.vbcindia.co.in).

**Risk Management Policy:**

Risk Management Policy has been approved by the Board of Directors and the company is taking steps to mitigate and minimize various Business risks which have impact on the operations of the company.

**Material Changes and Commitments:**

No material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of this report which affecting Financial position of the Company as on 31.03.2016.

**Material Orders, if any, Passed by the Regulators, Courts Etc.:**

There are no orders passed by Regulators/Courts/Tribunals which have impact on the going concern status and Company's operations in future.

**Prevention of Sexual Harassment of Women at Work Place:**

In order to prevent sexual harassment of women at work place as per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year under review, there were no women employees employed by the Company.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

The details of conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are as follows:

**a) Conservation of Energy**

The information in accordance with the provision of Section 134 of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 2014, regarding conservation of Energy is not applicable as there are no manufacturing operations during the year under review.

**b) Technology Absorption**

No expenditure is incurred by the Company attributable to Technology absorption during the year under review.

**(c) Foreign exchange earnings and Outgo**

During the year, there are no foreign exchange inflows/earnings or outflows/investments.

**(d) Expenditure on Research and Development**

No expenditure is incurred by the Company attributable to Expenditure on Research and Development during the year under review.

**Human Resources:**

The Cost of production of Ferro Silicon has exceeded the market price due to steep increase of power tariff. Accordingly, Company has closed down its production unit at Rudraram Village, Medak District. To reduce the fixed cost burden, your Company has entered into a cordial settlement with the worker's union for Retrenchment under the Industrial Disputes Act on 30th June, 2014. Your Directors and Management express their appreciation for the commitment and devotion shown by the employees.

**Directors' Responsibility Statement:**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, the best of their knowledge and ability confirm that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had 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 as at 31<sup>st</sup> March 2016 and of the profit and loss of the company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Acknowledgements**

Your Directors thank the Government of India and Government of Telangana for their support. They also place on record their appreciation for the help and encouragement received from Bank of India, and other Financial Institutions.

Your Directors sincerely thank Customers, Vendors and Members for their sustained support and co-operation.

for and on behalf of the Board

Place : Hyderabad  
Date : 12.08.2016

Sd/-  
**V.S. RAO**  
Chairman

**VBC FERRO ALLOYS LIMITED****Form AOC-I**

Annexure - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures****Part "A": Subsidiaries:NA**

(Information in respect of each subsidiary to be presented with amounts in Rs )

Name of the subsidiary	Nil
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA
Share capital	NA
Reserves & surplus	NA
Total assets	NA
Total Liabilities	NA
Investments	NA
Turnover	NA
Profit before taxation	NA
Provision for taxation	NA
Profit after taxation	NA
Proposed Dividend	NA
% of shareholding	NA

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

**Part "B": Associates and Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

<b>Name of Associates/Joint Ventures</b>	<b>Konaseema Gas Power Limited</b>
1. Latest audited Balance Sheet Date	31.03.2015
2. Shares of Associate/Joint Ventures held by the company on the year end	
i) No.	14,01,41,414
ii) Amount of Investment in Associates/Joint Venture	143,06,46,,210
iii) Extend of Holding %	26.26
3. Description of how there is significant influence	NA
4. Reason why the associate/joint venture is not consolidated	NA
5. Networth attributable to Shareholding as per latest audited Balance Sheet	(5,69,60,36,868)
6. Profit / Loss for the year	( 2,46,67,80,754)
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

- Names of associates or joint ventures which are yet to commence operations - None.
- Names of associates or joint ventures which have been liquidated or sold during the year - None.

for and on behalf of the Board

Place : Hyderabad  
Date : 12.08.2016

Sd/-  
**M.S. LAKSHMAN RAO**  
Managing Director

Sd/-  
**M.V. ANANTHA KRISHNA**  
Director

Sd/-  
**R. DHARMENDER**  
CFO

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,  
VBC Ferro Alloys Limited

Corporate Identity Number (CIN) : L27101AP1981PLC003223

Authorised Capital : Rs.20.00 Crores

Paid up capital : Rs.4,39,49,875/-

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s.VBC Ferro Alloys Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the M/s.VBC Ferro Alloys Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. VBC Ferro Alloys Limited ("the Company") **alisted Public Company** for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other laws applicable to the company as provided by the management as mentioned below:
- Employees State Insurance Act, 1948 and Employees' State Insurance (General) Regulations, 1950;
  - Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' Provident Funds Scheme, 1952;
  - Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
  - Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
  - Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
  - Factories Act, 1948 and the rules made thereunder;
  - A.P. Shops and Establishment Act, 1988;
  - Water (Prevention and Control of Pollution) Act, 1974
  - Air (Prevention and Control of Pollution) Act, 1981
  - Environment Protection Act, 1986
  - Public Liability Insurance Act, 1991
  - Indian Boilers Act, 1923
  - Explosives Act, 1884

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreement entered into by the company with Stock Exchange(s), if any / SEBI (LODR) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

- 1. The Company has not appointed Company Secretary.**
- 2. The Company is due and payable in respect of Income Tax, Sales Tax, wealth tax, Service Tax, duty of customs and excise value added tax, EPF, ESI or cess which are arrears as at 31<sup>st</sup> March, 2016.**
- 3. The Company is defaulted in filing of various forms with Ministry of Corporate Affairs.**





**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has not entered into / carried out any activity that has major bearing on the company's affairs.

Place: Hyderabad  
Date: 12 August 2016

Sd/-  
(M.Naga Kishore)  
Company Secretary in Practice  
M.No.: F7684  
CP No.: 13597

*This report is to be read with our letter of even date which is annexed as Annexure -A and forms an integral part of this report.*



To,

The Members,  
VBC Ferro Alloys Limited

Corporate Identity Number (CIN) : L27101AP1981PLC003223

Authorised Capital : Rs.20.00 Crores

Paid up capital : Rs.4,39,49,875/-

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad  
Date: 12 August 2016

(M.Naga Kishore)  
Company Secretary in Practice  
M.No.: F7684  
CP No.: 13597



**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2016**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L27101TG1981PLC003223
2.	Registration Date	03.10.1981
3.	Name of the Company	VBC FERRO ALLOYS LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-government Company
5.	Address of the Registered office & contact details	6-2-913/914, 3 <sup>rd</sup> Floor, Progressive Towers, Khairtabad, Hyderabad-500 004.Phone:040-23301166/99
6.	Whether listed company	Listed
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Venture Capital & Corporate Investments Pvt Ltd 12-10-167, Bharat Nagar, Hyderabad-500 018.Phone No.040-23818475 E-mail:info@vccilindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing of Ferro Alloys	27101	100

**PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

S.No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary Associate	% Shares	Applicable Section
1	Konaseema Gas Power Ltd.	U40101TG1997PLC037013	Associate	26	2(6)

**VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

## Category-wise Share Holding

Category of Shareholders	No. of Shares held at the end of the year[As on 1-April 2015]				No. of Shares held at the end of the year[As on 31-March-2016]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1)Indian									
a) Individual/ HUF	631779	143500	775279	17.64	631779	143500	775279	17.64	NIL
b) Central Govt	-	-	-	-	-	-	-	-	NIL
c) State Govt (s)	-	-	-	-	-	-	-	-	NIL
d) Bodies Corp.	639180	200000	839180	19.10	639180	200000	839180	19.10	NIL
e) Banks/FI	-	-	-	-	-	-	-	-	NIL
f) Any other—	-	-	-	-	-	-	-	-	NIL
<b>Sub-total (A) (1):-</b>	<b>1270959</b>	<b>343500</b>	<b>1,614,459</b>	<b>36.74</b>	<b>1270959</b>	<b>343500</b>	<b>1,614,459</b>	<b>36.74</b>	<b>NIL</b>
(2)Foreign									NIL
a) NRIs - Individuals	-	-	-	-	-	-	-	-	NIL
b) Other – Individuals	-	-	-	-	-	-	-	-	NIL
c) Bodies Corp.	-	-	-	-	-	-	-	-	NIL
d) Banks / FI	-	-	-	-	-	-	-	-	NIL
e) Any Other....	-	-	-	-	-	-	-	-	NIL
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>NIL</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>1270959</b>	<b>343500</b>	<b>1614459</b>	<b>36.74</b>	<b>1270959</b>	<b>343500</b>	<b>1614459</b>	<b>36.74</b>	<b>NIL</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	NIL
b) Banks / FI	-	1350	1350	0.03	-	1350	1350	0.03	NIL
c) Central Govt	-	-	-	-	-	-	-	-	NIL
d) State Govt(s)	5960	-	5960	0.14	5960	-	5960	0.14	NIL
e) Venture Capital Funds	-	-	-	-	-	-	-	-	NIL
f) Insurance Companies	-	-	-	-	-	-	-	-	NIL
g) FIs	-	-	-	-	-	-	-	-	NIL



# VBC FERRO ALLOYS LIMITED

h) Foreign Venture Capital Funds									
i) Others (specify)	-	-	-	-	-	-	-	-	NIL
<b>Sub-total (B)(1):-</b>	5960	1350	7310	0.17	5960	1350	7310	0.17	NIL
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	472907	19175	492082	11.20	542878	19075	561953	12.79	1.59
ii) Overseas	-	-	-	-	-	-	-	-	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	1093582	281023	1374605	31.28	1169263	278073	1447336	32.93	1.65
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	762172	-	762172	17.34	649634	-	649634	14.78	(2.56)
c) Others:NRI & Clearing Members	122587	21135	143722	3.27	92523	21125	113658	2.59	(0.68)
<b>Sub-total (B)(2):-</b>	2451248	322683	2772581	63.09	2454298	318273	2772581	63.10	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	2457208	324033	2779891	63.26	2460258	219623	2779891	63.26	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	3728167	666183	4394350	100.00	3731217	563123	4394350	100	-

## VBC FERRO ALLOYS LIMITED

### B) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% of Change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	M Sri Bharath	70000	1.59	1.59	70000	1.59	1.59	NIL
2	M Siddhartha	73500	1.67	1.36	73500	1.67	1.36	NIL
3	Padmakshi Investments Private Limited	200000	4.55	4.55	200000	4.55	4.55	NIL
4	Techno Infratech Projects (India) Private Limited	350865	7.98	-	350865	7.98	-	NIL
5	VBC Industries Limited	25000	0.57	-	25000	0.57	-	NIL
6	Yasaswini Investments Private Limited	202315	4.6	4.60	202315	4.6	4.60	NIL
7	VBC Industrial Holdings Private Limited	36000	0.82	-	36000	0.82	-	NIL
8	Konaseema Infra-Structure Private Limited	25000	0.57	-	25000	0.57	-	NIL
9	MSP Rama Rao	202900	4.62	4.62	202900	4.62	4.62	NIL
10	M V V S Murthi	157769	3.59	-	157769	3.59	-	NIL
11	M S Lakshman Rao	78300	1.78	-	78300	1.78	-	NIL
12	Mathukumilli Sri Mani	120010	2.73	2.73	120010	2.73	2.73	NIL
13	Surya Mathukumilli	2850	0.06	-	2850	0.06	-	NIL
14	M Aishwarya	9950	0.23	-	9950	0.23	-	NIL
15	Bharadwaj Mathukumilli	60000	1.38	-	60000	1.38	-	NIL
		1614459	36.74	19.42	1614459	36.74	19.42	NIL


**C) Change in Promoters' Shareholding (please specify, if there is no change):**

There is no change in the Promoters' shareholding during the Financial Year 2015-16.

**D. Shareholding Pattern of top ten Shareholders  
(other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year				
1	Madhuri Omprakash Damani	213039	4.85	213039	4.85
2	BLB Limited	155172	3.53	155172	3.53
3	Vikram Omprakash Damani	142657	3.25	142657	3.25
4	Aditya Omprakash Damani	134009	3.05	134009	3.05
5	Pratibhuti Viniyog Limited-Investment A/c	99000	2.25	99000	2.25
6	Peninsular Sea Foods Private Limited	59298	1.35	59298	1.35
7	Pratibhuti Vinihit Limited	54050	1.23	54050	1.23
8	Chinmay G Parikhgovindlal.M.Parikh	43000	0.98	43000	0.98
9	Govindlal M Parikhchinmay.G.Parikh	39069	0.89	39069	0.89
10	P Suryakant Share and Stock Brokers Pvt.Ltd.	34200	0.78	34200	0.78
	Total	973494	22.16	973494	22.16
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)				
1	Madhuri Omprakash Damani	213039	4.85	213039	4.85
2	BLB Limited	155172	3.53	155172	3.53
3	Vikram Omprakash Damani	142657	3.25	142657	3.25
4	Aditya Omprakash Damani	134009	3.05	134009	3.05
5	Pratibhuti Viniyog Limited-Investment A/c	99000	2.25	99000	2.25
6	Peninsular Sea Foods Private Limited	59298	1.35	59298	1.35
7	Pratibhuti Vinihit Limited	54050	1.23	54050	1.23
8	Chinmay G Parikhgovindlal.M.Parikh	43000	0.98	43000	0.98
9	Govindlal M Parikhchinmay.G.Parikh	39069	0.89	39069	0.89
10	P Suryakant Share and Stock Brokers Pvt.Ltd.	34200	0.78	34200	0.78
	Total	973494	22.16	973494	22.16

Note: 1. The shares of the Company are traded on a daily basis on the stock exchanges and hence date wise increase/decrease in shareholding is not provided.

2. The details of date wise increase/decrease will be provided at the request of shareholder.

**E) Shareholding of Directors and Key Managerial Personnel:**

Sl.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	V.S. Rao-Director	-	-	-	-
2	M.S. Lakshman Rao-Director	78300	1.78	78300	1.78
3	M.V Ananthakrishna	-	-	-	1.78
4	Pramod Kumar Thatte	-	-	-	1.78
5	Dr. Kinnera Murthy B	-	-	-	1.78
6	R. Dharmender-CFO				
	Total	78300	1.78	78300	1.78
	Increase / Decrease in Share holding during the year				
1	V.S. Rao-Director	-	-	-	-
2	M.S. Lakshman Rao-Director	-	-	-	-
3	M.V Ananthakrishna	-	-	-	-
4	Pramod Kumar Thatte	-	-	-	-
5	Dr. Kinnera Murthy B	-	-	-	-
	Total	-			
	At the End of the year	-	-	-	-
1	V.S. Rao-Director	-	-	-	-
2	M.S. Lakshman Rao-Director	78300	1.78	78300	1.78
3	M.V Ananthakrishna	-	-	-	-
4	Pramod Kumar Thatte	-	-	-	-
5	Dr. Kinnera Murthy B	-	-	-	-
	R.Dharmender-CFO				
	Total	78300	1.78	78300	1.78





F) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Rs.in Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8.63	-	-	8.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>8.63</b>	<b>-</b>	<b>-</b>	<b>8.63</b>
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	0.12	-	-	0.12
<b>Net Change</b>	<b>0.12</b>	<b>-</b>	<b>-</b>	<b>0.12</b>
Indebtedness at the end of the financial year				
i) Principal Amount	8.51	-	-	8.51
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>8.51</b>	<b>-</b>	<b>-</b>	<b>8.51</b>

#### XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

##### A. Remuneration to Managing Director:

SN.	Particulars of Remuneration	M.S Lakshman Rao, Managing Director
		<b>Total Amount</b>
1	<b>Gross salary</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,25,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,34,450 /-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	<b>Stock Option</b>	-
3	<b>Sweat Equity</b>	-
4	<b>Commission- as % of profit- others, specify</b>	-
5	<b>Others, please specify</b>	-
	<b>Total (A)</b>	7,59,450 /-
	<b>Ceiling as per the Act*</b>	NA

\*Appointed under Schedule XIII of the Companies Act, 1956

**B. Remuneration to other Directors**

Sl.No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total
		M.V. Anantha Krishna	VS Rao	Dr. B. Kinnera Murthy	Pramod Kumar Thatte	
1	Independent Directors					
	• Fee for attending board / committee meetings	9000	12000	4000	NA	25000
	• Commission	-	-	NA	NA	-
	• Others, please specify	-	-	NA	NA	-
	Total (1)	9000	12000	NA	NA	25000
2	Other Non-Executive Directors					
	• Fee for attending board / Committee Meetings	NA	NA	NA	6000	6000
	• Commission	NA	NA	NA	-	-
	• Others, please specify	NA	NA	NA	-	-
	Total (2)	NA	NA	NA	6000	6000
	Total (B)=(1+2)	22000	11000	NIL	6000	31000
	<b>Total Managerial Remuneration</b>					
	<b>Overall Ceiling as per the Act</b>					

\*Overall ceiling is not applicable as the Company has paid setting fees only to Directors.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Amount in Rs.)

SN	Particulars of Remuneration	Key Managerial Personnel	
		CFO	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,08,756/-	4,08,756/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	95,979/-	95,979/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	others, specify...	-	-
5	Others, please specify	-	-
	Total	5,04,735/-	5,04,735/-

**XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

for and on behalf of the Board

Place : Hyderabad  
Date : 12.08.2016Sd/-  
**V.S. RAO**  
Chairman



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **1. BACKGROUND**

The Management Discussion and Analysis sets out the developments in the business environment and the Company's performance since our last report. This analysis supplements the Directors' Report and the Audited Financial Statements forming part of this Annual Report.

### **2. INDUSTRY STRUCTURE**

Ferro Alloy Industry was established to cater to the needs of steel industry. Ferro alloys are used as additives and deoxidizing agents in steel manufacture. Steel producers use Ferro manganese, Silico Manganese and Ferro Silicon, while stainless steel units use Ferro chrome and charge chrome. At present, though there is surplus capacity in the country, severe power cuts is hampering the production. Indian steel demand is expected to increase due to Infrastructure & Construction activities.

### **3. OPERATIONS, OPPORTUNITIES & THREATS**

#### **OPERATIONS:**

This has been dealt with in the Directors' Report.

#### **OPPORTUNITIES:**

India's natural resources and geographical position is well poised to benefit from the growing demand for steel and steel making raw materials. However, for the Ferro alloys industry, high energy costs have hampered the growth and remedial measures expected to push the growth.

Out of the global production of over 1,527 million tonnes, India's share in steel manufacturing is 77.6 million tonnes which is increasing. Given the important role that infrastructure creation can play in restoring economic growth in the country, the consumption of steel is bound to show an increasing trend. This is a positive indicator for growth of ferro alloy production in India, as ferro alloys are vital inputs to steel-making.

#### **THREATS:**

The manufacture of Ferro alloys is highly power intensive and therefore the cost of power is critical to the competitiveness of the products. On an average, 50% of the total cost per tonne of Ferro alloys is accounted for by power. Repeated power tariff hikes by state run power utility company have put the Industry in a fix. Further the problems of this industry are aggravated because of the high input cost of power including FSA charges.

This is the major threat that this industry is facing and in order to be competitive on a global scale, it is necessary for an Indian Ferro alloys Industry to have captive power to tide over the situation in power starved country like India.

### **4. SEGMENT-WISE PERFORMANCE OR PRODUCT-WISE PERFORMANCE**

The Company has only one business segment i.e., Ferro Alloys.

### **5. OUTLOOK**

Long term outlook of your company will be encouraging because of the following reasons:

The Company is in the process of setting up Captive Power Plant of 120 MW (2x60MW) capacity at Bodepalli Village, Sirpur Kaghaznagar Mandal, Adilabad District in the State of Telangana State through VBC Power Company Limited, a Special Purpose Vehicle (SPV) Company.

### **6. RISKS & CONCERNS**

- a. In a time frame for setting up of captive power plant and coming into production will depend upon the financial closure of the project and approval of hive off scheme.



- b. Government regulations, like reduction in import duties, anti dumping duty and increase in power tariffs by SPDC of Telangana Limited and shortage of power , may also affect the profitability of the Company, since 40% or more production costs account for power.

**7. INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company has sound internal control system, which ensures that all the assets are protected against loss from unauthorized use and all transactions are recorded and reported correctly.

The internal control system is supplemented by an extensive programme of internal audits and reviews by the Management. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Further, all internal control functions and its entire gamut of activities are covered by independent audit, conducted by separate internal auditors, whose findings are reviewed regularly by the Audit Committee and Management of the Company.

**8. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

This has been dealt with in the Directors' Report

**9. HUMAN RESOURCE DEVELOPMENT**

Human capital is one of the key elements of your Company. The Company's human resource policies are aimed at motivating its employees to deliver high quality performance and reward talent with adequate compensation and accelerated career growth opportunities.

Your Company believes that an on-going learning process is vital for growth in the fast changing business environment and for this purpose, your Company has been conducting various training and development workshops for improving the knowledge levels of the employees at all levels.

**10. INDUSTRIAL RELATIONS**

This has been dealt with in the Directors' Report.

**Cautionary Statement:**

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates, etc., may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections, etc., whether expressed or implied. Several factors could make a significant difference to the Company's operations. These include climatic conditions, economic conditions affecting demand and supply, Government Regulations and taxation, natural calamities etc., over which the Company does not have any control.

for and on behalf of the Board

Place : Hyderabad  
Date : 12.08.2016

Sd/-  
**V.S. RAO**  
Chairman

## CORPORATE GOVERNANCE

### 1. **A brief statement on the Company's philosophy on code of governance**

Corporate Governance is about directing and controlling the company with the overriding objective of optimizing return for the shareholders. A good governance process aims to achieve this by providing long-term visibility of its business, ensuring effective relationship with stakeholders, establishing systems that help the Board in understanding risk appetite and monitoring risk at every stage of corporate evolution process.

The Company believes that any meaningful policy on corporate governance must provide empowerment to the executive management of the Company and simultaneously create a mechanism of checks & balances which ensure that the decision making powers vested in the executive management is used with care and responsibility to meet stakeholders' aspirations and societal expectations.

### 2. **Board of Directors**

- Composition and Category of Directors as on 31.03.2016

Category	No. of Directors	%
Executive Directors	1	20.00
Non-Executive Non-Promoter Directors	1	20.00
Independent Non-Executive Directors*	3	60.00
Total	5	100.00

The Attendance record of the Directors at the Board Meetings held during the financial year ended on 31st March, 2015 and the last Annual General Meeting (AGM) and the details of their other Directorships and Committee Chairmanships and Memberships are given below:

Name of the Director	Category	Designation	Attendance at Last AGM (YES/NO)	Attendance in Board Meetings		No. of Directorships and No. of Committee positions in other public companies		
				No. of Board Meetings held during his tenure	Present	Other Directorships	Committee Memberships <sup>#</sup>	Committee Chairmanships
Shri V.S. Rao	Non Executive Independent	Chairman	Yes	4	4	2	1	Nil
Shri.M.V.Ananthakrishna	Non Executive Independent	Director	Yes	4	3	3	Nil	1
Pramod Kumar Thatte	Non Executive Non Promoter	Director	Yes	4	3	Nil	Nil	Nil
Dr. B. Kinnera Murthy	Non Executive Independent	Additional Director	NA	4	4	3	Nil	Nil
Shri M. S. Lakshman Rao	Executive	Managing Director	Yes	4	4	4	1	Nil

In the above table the number of directorships do not include the company itself, alternate directorships, directorships of private limited companies, companies incorporated under section 25 of the Companies Act, 1956 or section 8 of Companies Act, 2013 and of companies incorporated outside India. Chairmanship/ Membership of committees includes only Audit and Shareholders/Investors Grievance Committees.

**Number of Board Meetings held, dates on which held:**

Four Board Meetings were held during the financial year 2015-16 on 28<sup>th</sup> May 2015, 12<sup>th</sup> August, 2015, 14<sup>th</sup> November, 2015 and 13<sup>th</sup> February, 2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**MAXIMUM TENURE OF INDEPENDENT DIRECTORS:**

The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and clause 49 of the listing agreement.

**FORMAL LETTER OF APPOINTMENT TO INDEPENDENT DIRECTORS:**

The company issues a formal letter of appointment to independent directors in the manner as provided in the Companies Act, 2013 and clause 49 of the listing agreement. The terms and conditions of appointment of independent directors are placed on the company website

**SEPARATE MEETING OF INDEPENDENT DIRECTORS:**

The Independent Directors held their separate meeting on 13<sup>th</sup> February 2016 as mandated by the provisions of the Companies Act, 2013 and Listing Agreement.

**3. Audit Committee**

- Brief description of Terms of Reference

The Audit Committee of the Board is responsible for overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate, credible and reviewing with management the annual financial statements before submission to the Board. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the Statutory Auditors including the Cost Auditors, the performance of Internal Auditors and the Company's risk management policies.

The Committee periodically interacts with the internal auditors to review the manner in which they are discharging their responsibilities. The Committee holds discussion with Statutory Auditors including Cost Auditors before the audit commences, about the nature and scope of audit to ascertain any area of concern and review their written comments. The Committee reviews the financial and risk management policies of the Company. The Committee has full access to financial data and to the Company's staff. The Committee also reviews the quarterly (un-audited) and annual financial statements before they are presented to the Board.

- Composition of the Audit Committee as on 31<sup>st</sup> March, 2016

Shri.M.V. Ananthkrishna	Chairman	Independent Non-executive Director
Shri V.S. Rao	Member	Independent Non-executive Director
Shri Pramod Kumar Thatte	Member	Non-executive Director

- Meetings and Attendance during the year 2015-16 28<sup>th</sup> May 2015, 12<sup>th</sup> August, 2015, 14<sup>th</sup> November, 2015 and 13<sup>th</sup> February, 2016.

Date of Meeting	M.V. Ananthkrishna	V.S. Rao	Pramod Kumar Thatte
28.05.2015	YES	YES	YES
12.08.2015	NO	YES	YES
14.11.2015	YES	YES	NO
13.02.2016	YES	YES	YES

Company Secretary of the Company acts as the Secretary of the Audit Committee.

**Nomination and Remuneration Committee**

- Brief description of terms of reference  
To recommend compensation terms for Executive Directors.
- Composition, name of members, Chairman and Secretary as on 31<sup>st</sup> March, 2016:

Shri M.V. Ananthakrishna	Chairman	Independent non-executive Director
V.S. Rao	Member	Independent Non-executive Director
Pramod Kumar Thatte	Member	Non-executive Director

Company Secretary of the Company acts as the Secretary of the Committee

- Nomination and Remuneration Committee met on 12.08.2015. All the members of the said committee were attended except Shri M.V. Ananthakrishna.
- Remuneration policy  
The remuneration policy is to pay remuneration and benefits adequately so as to attract, motivate and retain talent.

**5. Remuneration of Directors**

Details of remuneration paid to Directors during the financial year 2015-16.

(in ₹)

Name	Designation	Sitting fee	Remuneration	Benefits	Total
Shri V.S. Rao	Independent Non-Executive Director	12,000	Nil	Nil	12,000
Shri. M.V. Ananthakrishna	Independent Non-Executive Director	9,000	Nil	Nil	9,000
Shri Pramod Kumar Thatte	Non-Executive Director	6,000	Nil	Nil	6,000
Dr. B. Kinnera Murthy	Additional Director	4,000	Nil	Nil	4,000
Shri M. S. Lakshman Rao*	Managing Director	-	5,25,000	2,34,450	7,59,450

\* Remuneration includes Salary and Commission. Benefits include contribution to Provident Fund, Gratuity Fund and payment of Perquisites.

There was no Employee Stock Option Scheme during the financial year ended 31<sup>st</sup> March, 2016.

**6. Investors' Grievance & Share Transfer Committee**

- The Investors' Grievance & Share Transfer Committee met 4 times during the financial year 2015-16 on 28<sup>th</sup> May 2015, 12<sup>th</sup> August, 2015, 14<sup>th</sup> November, 2015 and 13<sup>th</sup> February, 2016.





The Constitution of the Committee as on 31.03.2016 and attendance of each Member is as given below:

Name of the Director	Designation	Category	No. of Meetings Attended
Shri V. S. Rao	Chairman	Independent Non-Executive Director	4
Shri M.V. Ananthakrishna	Member	Independent Non-Executive Director	3
Shri M. S. Lakshman Rao	Member	Managing Director	4

Company Secretary of the Company acts as the Secretary of the Investors' Grievance & Share Transfer Committee.

Name and Designation of Compliance officer:

Mr. M.S. Lakshman Rao, Managing Director

- Number of shareholder complaints received, number solved to the satisfaction of the shareholder and number of pending transfers:

Investor grievances received and attended during the year 2015-16 and pending as on 31.03.2016

Nature of Grievances	Received	Attended	Pending
1. Non-receipt of dividend warrants	2	2	Nil
2. Non-receipt of Annual Report	11	11	Nil
3. Other Miscellaneous	8	8	Nil

The Company generally attends to all queries of investors within a week from the date of receipt.

## **7. General Body Meetings**

### **a) Details of the Last 3 AGMs**

- The last 3 Annual General Meeting (AGMs) were held at Surana Udyog Auditorium of the Federation of Andhra Pradesh Chambers of Commerce & Industry, situated at 11-6-841, Red Hills, Hyderabad- 500 004.

### **• Date, Time and Special Resolutions passed:**

S.No.	Financial Year	Date	Time	Special Resolutions
31 <sup>st</sup> AGM	2012-13	30.09.2013	2.30 PM	-NIL-
32 <sup>nd</sup> AGM	2013-14	30.09.2014	2.30 PM	-NIL-
33 <sup>rd</sup> AGM	2014-15	30.09.2015	3.00 PM	-NIL-

### **b) Special Resolutions passed through Postal Ballot during last year and person who conducted the postal ballot exercise:**

No Special Resolution was passed through postal ballot during 2015-16.

## **8. Management Discussion & Analysis Report**

Management Discussion & Analysis Report forms part of the Annual Report.



## 9. Disclosures

- There are no transactions, which may have potential conflict with the interests of the Company. Note No- 2.32.B of the Annual Accounts contains the details of related party transactions as required by the Accounting Standard 18 (AS-18) on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India.
- There is no non-compliance by the Company and no penalties, strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- The Company has complied with all the mandatory requirements of Clause 49 and is in the process of implementation of Non-mandatory requirements.
- A Certificate duly signed by the Managing Director & CEO relating to financial statements and internal controls and internal control systems for financial reporting as per the format provided in Clause 49(V) of the listing agreement was placed before the Board, who took the same on record.

## 10. Means of Communication

The quarterly financial results are generally published in Financial Express and Andhra Prabha/ Prajasakthi Newspapers. Copies of the Results published are forwarded to Stock Exchange and are displayed on the Company's website i.e., [www.vbcindia.in](http://www.vbcindia.in). The Company's website [www.vbcindia.in](http://www.vbcindia.in) contains separate section "Investor information" where shareholders information is made available. The Annual Report of the Company is also available on the website in a downloadable form.

## 11. Code of Conduct

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel of the Company. The declaration of Managing Director is provided in this annual report.

The Code of Conduct is available on the Company's website i.e., [www.vbcindia.in](http://www.vbcindia.in).

## 12. General Shareholders' Information

### i) Date, Time and Venue of the 34<sup>th</sup> Annual General Meeting:

The 30<sup>th</sup> September 2016 at 3.00 p.m. at K.L.N. Prasad Auditorium of the Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), situated at 11-6-841, Red Hills, Hyderabad-500 004.

### ii) Financial Calendar (tentative and subject to change)

Financial Reporting for the quarter ended 30 <sup>th</sup> September, 2016	14 <sup>th</sup> November, 2016
Financial Reporting for the quarter ended 31 <sup>st</sup> December, 2016	14 <sup>th</sup> February, 2017
Financial Reporting for the year ended 31 <sup>st</sup> March, 2017	30 <sup>th</sup> May, 2017
Financial Reporting for the year ended 30 <sup>th</sup> June, 2017	14 <sup>th</sup> August 2017

**iii) Dates of Book Closure**

September 23, 2016 to September 30, 2016 (Both days inclusive).

**iv) Listing on Stock Exchanges**

The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400 021.	The Calcutta Stock Exchange Association Ltd* 7, Lyons Range, Kolkatta – 700 001.
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\* Application for de-listing from The Calcutta Stock Exchange Association Limited is under process.

**Listing Fees**

The Company has paid annual listing fee for the year 2015-16 to the Bombay Stock Exchange Limited, where the securities are listed.

**vi) Stock Code**

- BSE - 513005
- Under the Depository System the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE114E01013

**vii) Monthly High and Low Quotation of Shares traded on the Bombay Stock Exchange Limited, Mumbai:**

<i>Month</i>	<i>High (₹)</i>	<i>Low (₹)</i>	<i>Close (₹)</i>	<i>No. of Shares</i>
Apr 2015	76.90	62.25	64.00	18,224
May 2015	69.30	59.10	67.40	4,169
Jun 2015	66.75	51.50	54.95	6,627
July 2015	60.25	52.00	57.25	28,465
Aug 2015	64.25	46.00	51.45	26,070
Sep 2015	51.80	41.65	44.55	16,295
Oct 2015	46.90	40.50	45.05	13,048
Nov 2015	55.10	41.00	50.60	9,736
Dec 2015	65.75	50.45	60.00	22,114
Jan 2016	78.00	58.00	71.00	21,136
Feb 2016	72.00	50.65	50.65	3,238
Mar 2016	57.15	44.40	50.00	24,996

**viii) Registrar and Share Transfer Agents**

M/s Venture Capital and Corporate Investments Private Limited having registered office at 12-10-167, Bharat Nagar, Hyderabad - 500 018, Ph:040-23818475/6 are the Company's Share Transfer Agents in both physical and dematerialized form.

ix) **Share Transfer System**

The Managing Director and the Company Secretary have been individually authorized to attend to share transfers and issue of duplicate share certificates once a fortnight.

The Investors' Grievance & Share Transfer Committee shall approve the share transfers affected by the above under the delegated authority once in a quarter.

The average time taken for processing of share transfers including dispatch of share certificates was approximately 15 days, if the documents are clear in all respects. As the Company's shares are currently traded in dematerialized form the transfers are processed and approved in the electronic form by NSDL/CDSL through their depository participants.

There are no pending share transfer requests as on 31<sup>st</sup> March, 2016.

(x) (a) **Distribution of Shareholding as on 31<sup>st</sup> March, 2016**

Category		No. of shareholders	%	Shares held	%
From	To				
Upto	5000	7055	92.62	70,00,660	15.93
5001	10000	309	3.92	23,32,390	5.31
10001	20000	135	1.71	19,51,010	4.44
20001	30000	51	0.65	12,85,300	2.92
30001	40000	12	0.15	4,17,060	0.95
40001	50000	11	0.14	5,34,670	1.22
50001	100000	23	0.29	16,59,440	3.78
100001	And above	41	0.52	2,87,62,970	65.45
Total		7637	100	4,39,43,500	100.00

(b) **Distribution of Shareholding according to categories of shareholders as on 31<sup>st</sup> March, 2016.**

Categories	No. of Shares	% to Total
Promoters, Directors / Relatives and associated Persons	16,14,459	36.74
Financial Institutions & Banks/Mutual Funds/Central & State Governments	7,310	0.17
Foreign Institutional Investors	---	---
Non-resident Indians	1,13,658	2.59
Private Corporate Bodies	5,61,953	12.79
Indian Public	20,96,970	47.71
<b>TOTAL</b>	<b>43,94,350</b>	<b>100.00</b>

xi) **Dematerialisation of Shares and Liquidity**

Trading of securities of your Company has been made compulsorily in dematerialized form under rolling settlement with effect from 2nd January, 2002 and available for trading under both the Depository Systems in India - NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE114E01013.



As at 31<sup>st</sup> March, 2016, 85% of the Equity Share Capital, representing 37,31,217 shares were held in depository mode. Investors who wish to exercise the option of dematerialisation of their shares are required to submit Dematerializations Request Form (DRF) duly filled in along with the original share certificate to the Depository Participant (DP).

For guidance on Depository services, shareholders may write to the Company or to the Registrars and Share Transfer Agents.

xii) There are no outstanding GDRs / ADRs / Warrants or any Convertible Instruments due for conversion.

xiii) **Plant Location:** Rudraram Village,  
Patancheru Mandal,  
Medak District, Telangana.

xiv) **Address for Correspondence** Contact Numbers:  
  
Company Secretary, Phone : 040-23301166 / 99  
VBC Ferro Alloys Limited, 040-23320904 - 7  
6-2-913/914, 3<sup>rd</sup> Floor, Fax : 040-23390721  
Progressive Towers, Khairatabad, Email : hyd1\_vbcfal@sancharnet.in  
Hyderabad -500 004. investor@vbcindia.com

xv) **Investor Relations**

All the queries received from shareholders during the financial year 2015-16 have been resolved. The Company generally replies to the queries within a week of their receipt. The Company has designated e-mail vbcfalhyd@gmail.com for investor services.

### **13. Compliance**

The Company shall obtain a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges and annexed the certificate with the Directors' report, which is sent annually to all the shareholders of the company.

***Auditor's Certificate is annexed to the Report of the Directors.***

for and on behalf of the Board

Place : Hyderabad  
Date : 12.08.2016

Sd/-  
**V.S. RAO**  
Chairman



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To**

**The Members of  
VBC Ferro Alloys Limited,  
Hyderabad.**

We have examined the compliance of conditions of corporate governance by **VBC Ferro Alloys Limited, Hyderabad** for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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 BRAHMAYYA & Co.,**  
Chartered Accountants  
(Firm Regd. No. 000513S)

Camp : Hyderabad  
Date : 12-08-2016

Sd/-  
**(CA. C.V. RAMANA RAO)**  
PARTNER  
Membership No.018545



## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
VBC Ferro Alloys Limited,  
Hyderabad.

### Report on the Standalone Financial Statements:

1. We have audited the accompanying standalone financial statements of **M/s VBC Ferro Alloys Limited, ("the Company")**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements:

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility:

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Basis for Qualified Opinion**

8. Non-provision of FSA charges for the years 2010-11 to 2012-13 totaling to Rs 19,06,53,769, pending resolution of the appeals pending before various judicial authorities as stated in Note No. 2.28(a) to the standalone financial statements, has resulted in understatement of the loss for the year.
9. Non-provision of load shortfall charges for earlier years amounting to Rs 42,42,75,760, pending disposal of company's objections by the various administrative authorities as per the directions of Forum for Redressal of Consumer grievances of CPDCL as stated in Note No. 2.28(b) to the standalone financial statements has resulted in understatement of the loss for the year.
10. As stated in Note No 2.30 to the standalone financial statements, the books of account are maintained under "going concern" concept, though the Ferro Alloys plant of the company did not carry out any production activities during the entire year, due to commercially unviable operations because of high power tariff, besides the entire workmen have been retrenched during the year.
11. The company has considered the diminution as temporary in nature as stated in note No 2.35 to the standalone financial statements the value of its investment of Rs 143,06,46,210 in the equity of Konaseema Gas Power Ltd, whose net-worth has completely eroded and not in operation for more than three years.

**Qualified Opinion**

12. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs (08), (09), (10) & (11) above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

**Emphasis of Matters**

13. We draw attention to the following matters in the Notes to the standalone financial statements:
- a. Note No. 2.13 with marks (#) that 184.589 Lakhs of shares acquired by the company in Konaseema Gas Power Limited, the title in respect of which is in the process of transfer.
  - b. Note No. 2.35 that according to an internal technical assessment, there is no impairment in the carrying cost of cash Generating assets of the Company in terms of Accounting for Impairment of Asset (AS 28) of Companies (Accounting Standard) Rules, 2006.
  - c. Note No. 2.36 that balances lying in some of the lenders', suppliers', customers' accounts are subject to confirmation

Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements:**

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.





15. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraphs above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraphs above, 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) The matter described in the Basis for Qualified Opinion paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraphs above.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we are unable to express any opinion as required under section 143 (3) of the Act 2013, as we could not carry -out any verification or review of its internal financial controls over financial reporting as the company has not carried-out any operations during the period under report.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No. 2.28 to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For BRAHMAYYA & CO.,**  
Chartered Accountants  
(Firm Regd. No.000513S)

Sd/-  
**(CA. C.V.RAMANA RAO)**  
PARTNER  
Membership No. 018545

Camp : Chennai  
Date : 27-05-2016

**Annexure to the Independent Auditor's Report:**

The Annexure referred in paragraph (14) in our Independent Auditor's Report of even date to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets could not be physically verified by the management during the year in accordance with a phased programme of verification, due to closure of its plant for the entire year. Accordingly, we are unable to report on any material discrepancies between the fixed assets register and the assets physically available.
- c) We are informed that the title deeds of some of the immovable properties are lodged with the bankers for which confirmation from the bankers could not be verified by us and rest of the title deeds for the rest of the properties could not be verified as the same are not produced for our verification.
- ii) Physical verification of inventory could not be conducted during the year by the management due to closure of the plant for the entire year. As no physical verification of inventories has been carried out during the year under report, we are unable to report regarding the discrepancies between the physical stocks and the book records.
- iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv) According to the information and explanation given to us, the company has given two guarantees for loans taken by others from financial institutions in earlier years. During the financial year under report, the company has neither given any loans to the directors or any other persons in whom the director is interested nor given/provided any guarantee/security in connection with any loan taken by directors or such other persons as per the provisions of section 185 of the Companies Act, 2013.

According to the information and explanation given to us, the company has made investments in earlier years. Consequently, the clause 3(iv) of the order is not applicable to the Company.

- v) The Company has not accepted any deposits from the public. Consequently, the clause 3(v) of the order is not applicable to the Company.
- vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 ('the Act'), and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, there are non-remittances/ delays in deposit/remittances of amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues during the year by the Company with the appropriate authorities.



According to the information and explanations given to us, the details of undisputed amounts payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other material statutory dues which were in arrears as at 31<sup>st</sup> March 2016 for a period of more than six months from the date they became payable are as under:

<b>Name of the Statute/Authority</b>	<b>Nature of Dues</b>	<b>Period to which the amount relates</b>	<b>Amount (in ₹)</b>
Employee Provident Fund Act, 1952	Employer contribution	From 01.04.2012 to 31.08.2015	11,45,456
Employee Provident Fund Act, 1952	Employee contribution	From 01.09.2013 to 31.08.2015	7,29,087
Employee state Insurance Corporation Act 1948	Employer contribution	From 01.07.2013 to 31.03.2015	1,00,000
Employee state Insurance Corporation Act 1948	Employee contribution	From 01.07.2013 to 31.03.2015	26,216
Professional Tax 1975	Employee contribution	From 01.07.2012 to 31.08.2015	4,35,380
Central Sales Tax Act	Central sales tax	For the year 2011-12	10,73,520
Central Sales Tax Act	Central Sales Tax	For the year 2013-14	21,40,003
AP VAT Act, 2000	Value Added Tax	For the year 2013-14	7,89,829
Income Tax Act, 1961	Regular assessment tax	For the financial year 2011-12	5,26,88,016
Income Tax Act, 1961	Dividend Distribution Tax	For the financial year 2011-12	21,38,620 excluding interest
Income Tax Act, 1961	Income tax deducted at source	From 01.04.2012 to 31.08.2015	52,09,375
	Service tax including education cess	From 01.04.2012 to 31.08.2014	7,27,412
Central Excise Act	Excise duty	From 01.05.2013 to 31.08.2014	81,81,486 excluding interest
Gramapanchayat Rudraram	Property Tax	From 01.04.2012 to 31.03.2013	1,99,859

- b) As at 31st March 2016, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Wealth-tax, Service tax, duty of customs, duty of excise, value added tax and Cess, except the following:

Name of the Statute/Authority	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	(*)Amount (in ₹)
Central Sales Tax Act	Non submission of 'C' and 'F' forms	1996-97	Dy. Commissioner (Appeals)	18,68,890
Central Sales Tax Act	Non submission of 'H' forms	2008-09	Appellate Dy. Commissioner(CT)	11,86,633

(\*) Net of pre deposits made

- viii) The Company's bankers have classified the cash credit facilities extended to the company outstanding as on 31.03.2016 amounting to Rs 8,50,74,530 as Non-Performing Assets and have initiated action for recovery of the same.
- ix) In our opinion, the company has not obtained any Term Loans either during the financial year under report or in earlier years. Consequently the clause 3(ix) of the order is not applicable.
- x) According to the information and explanations given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion, the company is not a Nidhi Company. Consequently the clause 3(xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Accounting Standards are disclosed in the standalone financial statements.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year under review. Consequently the clause 3(xiv) of the order is not applicable.
- xv) The Company has not entered into any non cash transactions with the directors or persons connected with them during the year under report. Consequently the clause 3(xv) of the order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Consequently the clause 3(xvi) of the order is not applicable.

**For BRAHMAYYA & CO.,**  
Chartered Accountants  
(Firm Regd. No. 000513S)  
Sd/-  
**(CA. C.V.RAMANA RAO)**  
PARTNER  
Membership No. 018545

Camp : Chennai  
Date : 27-05-2016



# VBC FERRO ALLOYS LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016

(Amount in ₹)

Particulars	Note	As at 31.03.2016		As at 31.03.2015	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds :</b>					
Share Capital	2.01	4,39,49,875		4,39,49,875	
Reserves & Surplus	2.02	102,18,27,110	106,57,76,985	107,43,80,017	111,83,29,892
<b>Non-current liabilities:</b>					
Long term Borrowings	2.03	31,50,48,294		28,50,63,025	
Deferred Tax Liability	2.04	3,21,80,457		3,21,80,457	
Other Long Term Liabilities	2.05	4,00,000		4,00,000	
Long term Provisions	2.06	-	34,76,28,751	-	31,76,43,482
<b>Current Liabilities:</b>					
Short term Borrowings	2.07	8,50,74,532		8,63,05,052	
Trade Payables	2.08	21,83,89,173		20,48,48,179	
Other Current Liabilities	2.09	28,06,56,885		26,24,96,082	
Short term Provisions	2.10	47,47,926	58,88,68,516	46,84,869	55,83,34,182
<b>TOTAL</b>			<b>200,22,74,252</b>		<b>199,43,07,555</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
<b>Fixed Assets :</b>					
Tangible Assets	2.11	11,79,63,952		12,35,83,986	
Capital works-in-progress	2.12	12,32,88,421		12,14,87,235	
		24,12,52,373		24,50,71,221	
Non-current Investments	2.13	154,99,11,380		155,00,46,380	
Long term Loans and Advances	2.14	4,45,91,211	183,57,54,964	4,45,91,211	183,97,08,812
<b>Current Assets :</b>					
Inventories	2.15	13,89,55,422		13,89,55,422	
Trade receivables	2.16	79,27,444		79,27,444	
Cash and Cash Equivalents	2.17	1,24,91,964		24,10,789	
Short term Loans and Advances	2.18	71,44,458		53,05,088	
Other Current Assets	2.19	-	16,65,19,288	-	15,45,98,743
<b>TOTAL</b>			<b>200,22,74,252</b>		<b>199,43,07,555</b>

For and on behalf of the Board

Per our report of even date annexed  
For BRAHMAYYA & CO.,  
Chartered Accountants

Sd/-  
M.S.LAKSHMAN RAO  
Managing Director

Sd/-  
M.V. ANANTHA KRISHNA  
Director

Sd/-  
R. DHARMENDER  
CFO

Sd/-  
(CA. C.V. RAMANA RAO)  
Partner  
Membership No. 018545

Place : Hyderabad  
Date : 27.05.2016

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(Amount in ₹)

Particulars	Note	This Year ended 31.03.2016	Previous Year ended 31.03.2015
<b>I. REVENUE</b>			
Revenue from operations	2.20	-	-
Other Income	2.21	<b>7,99,195</b>	2,33,91,850
<b>Total Revenue</b>		<b>7,99,195</b>	<b>2,33,91,850</b>
<b>II. EXPENSES</b>			
Cost of Materials Consumed	2.22	-	-
Change in Inventories of Finished Goods	2.23	-	88,08,351
Employee Benefit expenses	2.24	<b>16,29,144</b>	2,77,78,311
Power and Fuel expenses		-	-
Other Operational Expenses	2.25	-	-
Finance cost	2.26	<b>4,35,15,674</b>	4,93,06,406
Depreciation	2.11	<b>56,20,034</b>	75,68,470
Other expenses	2.27	<b>25,87,250</b>	81,51,827
<b>Total expenses</b>		<b>5,33,52,102</b>	<b>10,16,13,365</b>
<b>III. Profit before tax (I-II)</b>		<b>(5,25,52,907)</b>	<b>(7,82,21,515)</b>
<b>IV. Tax expense :</b>			
Deferred tax		-	(64,96,041)
<b>V. Profit after Tax (III-IV)</b>		<b>(5,25,52,907)</b>	<b>(7,17,25,474)</b>
<b>VI. Earnings per share (Basic and Diluted) in ₹</b>		<b>(11.95)</b>	<b>(16.31)</b>
Significant Accounting Policies	1		

For and on behalf of the Board

 Per our report of even date annexed  
For BRAHMAYYA & CO.,  
Chartered Accountants

 Sd/-  
M.S.LAKSHMAN RAO  
Managing Director

 Sd/-  
M.V. ANANTHA KRISHNA  
Director

 Sd/-  
R. DHARMENDER  
CFO

 Sd/-  
(CA. C.V. RAMANA RAO)  
Partner  
Membership No. 018545

 Place : Hyderabad  
Date : 27.05.2016


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

(Amount in ₹)

	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/(Loss) before Tax and after extraordinary items	(5,25,52,907)	(7,82,21,515)
Adjustments for :		
Depreciation	56,20,034	75,68,470
Interest Paid	4,35,15,674	4,93,06,406
Dividend Received	(19,000)	(25,250)
Profit on sale of Investments	(1,35,000)	-
Provision for Gratuity & leave encashment	63,057	(1,50,43,488)
<b>Operating Profit before working capital changes</b>	<b>(35,08,142)</b>	<b>(3,64,15,377)</b>
Adjustment for:		
Trade and other receivables	(18,39,370)	64,93,407
Inventories	-	88,08,351
Trade payables	3,17,01,798	6,82,53,530
<b>Cash generated from operations</b>	<b>2,63,54,286</b>	<b>4,71,39,911</b>
Interest Paid	(4,35,15,674)	(4,93,06,406)
Direct Taxes Paid	-	-
<b>NET CASH FLOW / (USED) FROM OPERATING ACTIVITIES (A)</b>	<b>(1,71,61,388)</b>	<b>(21,66,495)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-	-
(Increase) / Decrease in Capital work-in-progress	(18,01,186)	(35,34,804)
Sale of Investments	2,70,000	-
Advance for Purchase of Investments	-	2,49,47,364
Dividend received	19,000	25,250
<b>NET CASH FLOW / (USED) IN INVESTING ACTIVITIES (B)</b>	<b>(15,12,186)</b>	<b>2,14,37,810</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Borrowings	2,87,54,749	(2,81,78,155)
Dividend Paid	-	-
Tax on dividend	-	-
<b>NET CASH GENERATED / (USED) IN FINANCING ACTIVITIES (C)</b>	<b>2,87,54,749</b>	<b>(2,81,78,155)</b>
Net increase/(decrease) in cash and Cash equivalents (A+B+C)	1,00,81,175	(89,06,840)
Cash and Cash equivalents at the beginning of the year	24,10,789	1,13,17,629
Cash and Cash equivalents as at the close of the year	1,24,91,964	24,10,789
	<b>(1,00,81,175)</b>	<b>89,06,840</b>

For and on behalf of the Board

Per our report of even date annexed  
For BRAHMAYYA & CO.,  
Chartered Accountants

Sd/-  
M.S.LAKSHMAN RAO  
Managing Director

Sd/-  
M.V. ANANTHA KRISHNA  
Director

Sd/-  
R. DHARMENDER  
CFO

Sd/-  
(CA. C.V. RAMANA RAO)  
Partner  
Membership No. 018545

Place : Hyderabad  
Date : 27.05.2016

**NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES****1.1 Accounting Concepts:**

Financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India under historical cost convention on accrual basis and comply all material aspects with the Accounting Standards and the relevant provisions prescribed in the Companies Act, 1956, besides the pronouncements/ guidelines of the Institute of Chartered Accountants of India and the Securities and Exchange Board of India.

**1.2 Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, the actual outcome may be different from the estimates. Difference between actual results and estimates are recognized in the period in which the results are known or materialize.

**1.3 Fixed Assets:**

- a. Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is net of CENVAT / Input VAT Credit and inclusive of freight, duties, taxes, incidental expenses including interest on specific borrowings as apportioned.
- b. Expenditure during construction/erection period is included under Capital Work-in-Progress and allocated to the respective fixed assets on completion of construction/erection.

**1.4 Classification of Assets and Liabilities as Current and Non-Current:**

All assets and liabilities are classified as current and non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current - non-current classification of assets and liabilities.

**1.5 Investments:**

Investments are stated at cost, inclusive of all expenses relating to acquisition. Provision for diminution in the market value of long-term investments is made, if in the opinion of the Management such diminution is permanent in nature.

**1.6 Inventories:**

Inventories are valued at the lower of the cost (net of CENVAT / Input VAT Credit) or net realisable value (except by-products, waste and scrap which are valued at estimated net realisable value). Cost is computed on monthly weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present condition and location.

**1.7 Borrowing Costs:**

Borrowing cost is charged to statement of Profit and Loss except cost of specific borrowing for acquisition of qualifying assets which is capitalised till date of commercial use of the said asset.





**1.8 Sales:**

Sales are inclusive of Excise Duty and net of rebates and Sales Tax.

**1.9 Employee Benefits:**

(i) Defined Contribution Plans

Employee Benefits in the form of Employee Provident Pension Funds are considered as Defined Contribution plans and the contributions are charged to the statement of Profit & Loss of the year when the contributions to the said fund are due.

(ii) Defined Benefit Plans

Retirement Benefit in the form of Gratuity is considered as Defined Benefit Obligation and is provided for on the basis of an actuarial valuation using the projected unit credit method as at the date of Balance Sheet.

(iii) Other Long Term Benefits

Long-Term Compensated Absences are provided on the basis of an actuarial valuation using the Projected Unit Credit Method as at the date of Balance Sheet.

Actuarial gains / losses, if any, are immediately recognised in the statement of Profit & Loss.

**1.10 Depreciation:**

Depreciation is charged under Straight Line Method applying the rates worked out in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956 prevalent in respective years of acquisition in respect of items acquired prior to 1.7.1986 and in accordance with Schedule XIV of the Companies Act, 1956 in respect of items acquired after 1.7.1986.

**1.11 Foreign Currency Transactions:**

Transactions on account of foreign currency are accounted for at the rates prevailing on the date of the transaction. Foreign Currency assets and liabilities are restated at the rates prevailing as on the date of Balance Sheet. Exchange rate differences are dealt with in the statement of Profit and Loss. Premium or discount on forward exchange contracts are amortised and recognised in the statement of Profit & Loss over the period of the contract.

**Note No.2.01 : SHARE CAPITAL**

Particulars	As at 31.03.2016		As at 31.03.2015	
	No of Equity Shares	Amount in ₹	No of Equity Shares	Amount in ₹
a) <b>Authorised :</b> Equity Shares of ₹.10/- each	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
b) (i) <b>Issued :</b> Equity Shares of ₹.10/- each	43,96,450	4,39,64,500	43,96,450	4,39,64,500
(ii) <b>Subscribed and Fully Paid up:</b> 43,94,350 Equity Shares of ₹. 10/- each fully paid up Add: Amount received on 2100 forfeited shares	43,94,350	4,39,43,500	43,94,350	4,39,43,500
	-	6,375	-	6,375
	43,94,350	4,39,49,875	43,94,350	4,39,49,875

**c) Equity shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held**

Name of the Share holder	As at 31.03.2016		As at 31.03.2015	
	No of Equity shares	% of share holding	No of Equity shares	% of share holding
Techno Infratech Projects (India) Private Limited, VSP.	3,50,865	7.98%	3,50,865	7.98%

**Note No. 2.02: RESERVES AND SURPLUS**

Particulars	As at 31-03-2016 Amount in ₹	As at 31-03-2015 Amount in ₹
a. Capital Reserves:		
Balance in State Govt Subsidy Received	15,00,000	15,00,000
b. Securities Premium Account:		
Balance in Securities Premium Reserve	11,91,79,000	11,91,79,000
c. Asset Revaluation Reserve:		
Balance in Asset Revaluation Reserve	4,36,87,426	4,36,87,426
d. Other Reserves (General Reserve):		
Balance at the beginning of the year	96,40,00,000	96,40,00,000
Balance at the end of the year	96,40,00,000	96,40,00,000
e. Surplus:		
Balance at the beginning of the year	(5,39,86,409)	2,58,30,690
(-) Adjustment of carrying amount of the assets whose remaining useful life is exhausted as per schedule II to Companies Act 2013	-	(80,91,625)
(+) (Loss) for the year	(5,25,52,907)	(7,17,25,474)
Balance at the end of the year	(10,65,39,316)	(5,39,86,409)
Total	102,18,27,110	107,43,80,017



(Amount in ₹)

Particulars	As at 31-03-2016		As at 31-03-2015	
<b>Note No.2.03: LONG TERM BORROWINGS</b>				
<b>Unsecured Loans :</b>				
From Directors	16,08,48,193		13,08,62,924	
From Other Body Corporates	15,42,00,101		15,42,00,101	
<b>Total</b>	<u>31,50,48,294</u>		<u>28,50,63,025</u>	
<b>Note No.2.04: DEFERRED TAX LIABILITY</b>				
<b>Deferred tax liability:</b>				
Timing difference between book and tax depreciation	14,92,927		14,92,927	
Items of contingent liability in nature claimed as expenditure for tax purpose	4,30,88,278	4,45,81,205	4,30,88,278	4,45,81,205
<b>Deferred tax asset:</b>				
Items covered under section 43B of the Income Tax Act	80,90,852		80,90,852	
Provision for doubtful debts	25,79,127		25,79,127	
Unabsorbed depreciation under Income Tax Act	17,30,769	1,24,00,748	17,30,769	1,24,00,748
<b>Total</b>	<u>3,21,80,457</u>		<u>3,21,80,457</u>	
<b>Note No.2.05: OTHER LONG TERM LIABILITIES</b>				
Deposits refundable	4,00,000		4,00,000	
<b>Total</b>	<u>4,00,000</u>		<u>4,00,000</u>	
<b>Note No.2.06: LONG TERM PROVISIONS</b>				
Provision for Compensated leaves	-		-	
<b>Total</b>	<u>-</u>		<u>-</u>	
<b>Note No.2.07: SHORT TERM BORROWINGS</b>				
<b>Secured Loans :</b>				
Cash credit facilities from : Cash credit from a bank on hypothecation of Stock of Finished goods, Raw Materials, stores and spares and book debts and a first charge on all the fixed assets of the Company and guaranteed by Managing Director and a shareholder of the Company, in their personal capacity-including interest accrued	8,50,74,532		8,63,05,052	
<b>Total</b>	<u>8,50,74,532</u>		<u>8,63,05,052</u>	

(Amount in ₹)

Particulars	As at 31-03-2016	As at 31-03-2015
<b>Note No.2.08: TRADE PAYABLES</b>		
Trade Payables	21,83,89,173	20,48,48,179
<b>Total</b>	<b>21,83,89,173</b>	<b>20,48,48,179</b>
There are no dues as at the end of the year (as at the end of the previous year also) to Micro, Small and Medium Enterprises as defined under Micro, Small, and Medium Enterprises Development Act, 2006 based on the information available with the Company.		
<b>Note No.2.09: OTHER CURRENT LIABILITIES</b>		
Interest accrued and due on cash credit facilities	3,38,03,254	1,54,70,945
Advances from customers	91,57,683	1,02,61,605
Un-Paid Dividends	18,35,551	22,17,611
Other current Liabilities	16,45,54,001	16,16,11,511
Liability towards statutory dues	7,13,06,396	7,29,34,410
<b>Total</b>	<b>28,06,56,885</b>	<b>26,24,96,082</b>
<b>Note No.2.10: SHORT TERM PROVISIONS</b>		
Provision for Gratuity	10,93,266	10,30,209
Provision for leave encashment	15,16,040	15,16,040
Tax on Equity dividend	21,38,620	21,38,620
<b>Total</b>	<b>47,47,926</b>	<b>46,84,869</b>


**Note No. 2.11 : Fixed Assets**

(in ₹)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 <sup>st</sup> April 2015	Additions	Disposals	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April 2015	For the year	On disposals	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>TANGIBLE ASSETS:</b>									
Land	6,90,38,312		-	6,90,38,312		-	-	6,90,38,312	6,90,38,312
Buildings	8,30,83,066		-	8,30,83,066	6,20,07,061	12,16,783		1,98,59,222	2,10,76,005
Plant & Machinery	57,26,71,521		-	57,26,71,521	54,21,81,429	39,34,683		2,65,55,409	3,04,90,092
Furniture&Fixtures	35,94,066		-	35,94,066	34,00,199	32,867		1,61,000	1,93,867
Office Equipment	1,00,21,395		-	1,00,21,395	97,28,506	-		2,92,889	2,92,889
Vehicles	1,57,89,108		-	1,57,89,108	1,32,96,287	4,35,701	-	20,57,120	24,92,821
<b>Total</b>	<b>75,41,97,468</b>	<b>-</b>	<b>-</b>	<b>75,41,97,468</b>	<b>63,06,13,482</b>	<b>56,20,034</b>	<b>-</b>	<b>11,79,63,952</b>	<b>12,35,83,986</b>
Previous Year	75,41,97,468	-	-	75,41,97,468	61,49,53,387	1,56,60,095	-	12,35,83,986	13,92,44,081

(Amount in ₹)

Particulars	As at 31-03-2016		As at 31-03-2015	
<b>Note No.2.12:CAPITAL WORK IN PROGRESS</b>				
<b>Capital Works in Progress:</b>				
a. Civil works under progress		7,00,14,077		7,00,14,077
b. Capital Stock in Stores		13,90,518		13,90,518
<b>Expenditure incidental to construction awaiting allocation (Vide Note No.2.12(a):</b>				
		5,18,83,826		5,00,82,640
		12,32,88,421		12,14,87,235
Note No.2.12(a): Expenditure incidental to construction awaiting allocation:				
a. Balance at the beginning of the year:		5,00,82,640		4,65,47,836
b. Net Expenditure incurred during the year:				
Staff Cost	-		-	
Travelling and Conveyance	-		-	
Bank Charges and guarantee commission	18,01,186		35,34,804	
Miscellaneous Expenses	-		-	
	18,01,186		35,34,804	
Less: Interest Received	-	18,01,186	-	35,34,804
<b>Total</b>		5,18,83,826		5,00,82,640
<b>Note No.2.13: NON-CURRENT INVESTMENTS (Long term Investments)</b>				
<b>Non Trade:</b>				
<b>1) Investment in Equity Shares</b>				
<b>i) Quoted</b>				
a) 135000 Equity Shares of ₹.10/-each fully paidup in Basil Infrastructure Projects Ltd.	13,50,000		13,50,000	
b) 3000 Equity Shares of ₹.10/- each fully paidup in BOI	-		1,35,000	
c) 380 Equity Shares of ₹.10/- each fully paidup in State Bank of Tranvencore	2,28,000	15,78,000	2,28,000	17,13,000
<b>ii) Unquoted</b>				
a) # 140141414 Equity Shares of ₹.10/- each fully paidup in Konaseema Gas Power Ltd.	143,06,46,210		143,06,46,210	
b) 100000 Equity Shares of ₹. 10/- each fully paid up Konaseema Power Corporation Ltd.	10,00,000		10,00,000	
c) * 6172670 Equity Shares of ₹.10/- each fully paidup in Orissa Power Consortium Ltd.	6,17,26,700	149,33,72,910	6,17,26,700	149,33,72,910



(Amount in ₹)

Particulars	As at 31-03-2016		As at 31-03-2015	
<b>iii) Share Application Money with:</b>				
i) Karthik Rukmini Alloys & Energy Ltd	<b>5,59,60,470</b>	<b>5,59,60,470</b>	<b>5,59,60,470</b>	<b>5,59,60,470</b>
<b>TOTAL(A+B)</b>		<b>155,09,11,380</b>		155,10,46,380
Less: Diminution in value of Investments		<b>10,00,000</b>		10,00,000
<b>Total</b>		<b>154,99,11,380</b>		<b>155,00,46,380</b>

# includes 184.589 lacs(P.Y.184.589 lacs) shares acquired, the title in respect of which is in the process of transfer.

10 crore equity shares of Konaseema Gas Power Ltd have been pledged with various financial institutions as a collateral security against the term loans sanctioned to the said company.

\*5912670 Equity shares of Orissa Power Consortium Ltd have been pledged with various financial institutions as a collateral security against the term loans sanctioned to the said company.

**Note No.2.14: LONG TERM LOANS AND ADVANCES**

Unsecured, considered good (otherwise than stated)		
Capital Advances	<b>6,62,000</b>	6,62,000
Deposits Recoverable	<b>4,39,29,211</b>	4,39,29,211
<b>Total</b>	<b>4,45,91,211</b>	<b>4,45,91,211</b>

**Note No.2.15: INVENTORIES**

(As Valued and Certified by the Management)

Stores & Spares	<b>3,02,11,849</b>	3,02,11,849
Raw Materials	<b>10,54,14,400</b>	10,54,14,400
Finished Goods	<b>33,29,173</b>	33,29,173
<b>Total</b>	<b>13,89,55,422</b>	<b>13,89,55,422</b>

Inventories are valued as per Accounting Policy No. 1.6 of Note No. 1

**Note No.2.16: TRADE RECEIVABLES**

Unsecured:		
Debts, outstanding over six months		
Considered doubtful	<b>79,49,228</b>	79,49,228
Other Debts, Considered good	<b>79,27,444</b>	79,27,444
	<b>1,58,76,672</b>	1,58,76,672
Less: Provision for doubtful debts	<b>79,49,228</b>	79,49,228
<b>Total</b>	<b>79,27,444</b>	<b>79,27,444</b>

(Amount in ₹)

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Note No.2.17: CASH AND CASH EQUIVALENTS</b>		
a. Balances with banks	1,24,39,889	23,58,714
This includes:		
Earmarked Balances (e.g. Unpaid Dividend accounts - less than seven years)	18,35,551	22,17,611
b. Cash on hand	52,075	52,075
<b>Total</b>	<b>1,24,91,964</b>	<b>24,10,789</b>
<b>Note No.2.18: SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances Recoverable	71,44,458	53,05,088
<b>Total</b>	<b>71,44,458</b>	<b>53,05,088</b>
<b>Note No.2.19: OTHER CURRENT ASSETS</b>		
Claims Receivable	-	-
Prepaid Expenses	-	-
Interest receivable	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note No.2.20: REVENUE FROM OPERATIONS</b>		(Amount in ₹)
Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Sale of Products - Ferro Silicon	-	-
Less: Excise Duty & Sales tax Collections	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Earning in foreign exchange including on account of third party exports of goods calculated on FOB Basis of `.	-	-
<b>Note No.2.21: OTHER INCOME</b>		
Rent Received	-	18,00,000
Dividends received	19,000	25,250
Miscellaneous Receipts	6,45,195	32,25,975
Key Man Insurance surrender value received	-	1,83,40,625
Profit on Sale of Investments	1,35,000	-
<b>Total</b>	<b>7,99,195</b>	<b>2,33,91,850</b>
<b>Note No.2.22: COST OF MATERIALS CONSUMED</b>		
Opening Stock	10,54,14,400	10,54,14,400
Add: Purchases (Net)	-	-
	10,54,14,400	10,54,14,400
Less: Closing Stock	10,54,14,400	10,54,14,400
<b>Total</b>	<b>-</b>	<b>-</b>





(Amount in ₹)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
<b>Note No.2.23: CHANGE IN INVENTORIES OF FINISHED GOODS</b>		
Opening Stock	<b>33,29,173</b>	1,21,37,524
Less: Closing Stock	<b>33,29,173</b>	33,29,173
<b>Total</b>	<b>-</b>	<b>88,08,351</b>
<b>Note No.2.24: EMPLOYEE BENEFIT EXPENSE</b>		
Salaries, Wages & Bonus	<b>8,79,264</b>	23,01,929
Workmen compensation*	-	2,32,30,096
Contribution to Provident fund and other funds	<b>1,12,392</b>	2,66,169
Gratuity	<b>63,057</b>	10,30,209
Remuneration to Managing Director	<b>5,74,431</b>	9,48,848
Staff Welfare Expenses	-	1,060
<b>Total</b>	<b>16,29,144</b>	<b>2,77,78,311</b>

\* Represents the retrenchment compensation (net of adjustment for gratuity) as per memorandum of settlement entered by the company with the workers' union on 30th June 2014

**Note No. 2.24 (a) EMPLOYEE BENEFIT PLANS:**

As per Accounting Standard 15 "Employees Benefits" the disclosure of Employee Benefits as defined in the Accounting Standard are given hereunder:

**Defined Contributions Plans:**

Contributions to Defined Contribution plans, recognized as expense for the year, are as under:

	<b>2015-16</b>	<b>2014-15</b>
Employer's Contributions to Provident and Pension Funds	1,12,392	2,57,332
Employer's Contributions to Employees State Insurance	-	8,837

**Defined Benefit Plans:**

- A. In view of retrenchment of all work men as memorandum of settlement entered into by the company with the workers' union and termination of services of most of the employees of the company, the liability towards the gratuity of the Skeleton staff on rolls as at the balance sheet date has been computed at the present value, instead of actuarial valuation using the Projected Unit Credit Method. Accordingly the various disclosures required under the Accounting standard could not be made.

**Note No.2.25: OTHER OPERATIONAL EXPENSES**

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Stores & Spares consumed	-	-
Other Manufacturing Expenses	-	-
Repairs & Maintenance:		
Plant & Machinery	-	-
Buildings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note No.2.26: FINANCE COST**

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest on Cash Credit	1,83,32,309	2,03,64,600
Interest - Others	2,16,87,325	2,14,79,624
Interest - under the provisions of Income Tax Act	32,91,395	73,43,253
Bank Charges	2,04,645	1,18,929
<b>Total</b>	<b>4,35,15,674</b>	<b>4,93,06,406</b>

**Note No.2.27: OTHER EXPENSES**

Rent	-	7,91,460
Insurance	1,87,169	15,27,244
Rates & Taxes	7,800	2,25,067
Director's Sitting Fees	32,000	43,000
Payment to Auditors:		
As auditor's	1,00,000	1,00,000
Vehicle Maintenance	1,38,708	-
Listing Fees	2,32,000	2,85,742
Printing & Stationery	3,23,333	-
Travelling & Conveyance	2,90,499	5,40,161
Legal & Professional Charges - Others	3,70,912	18,52,351
Advertisement Others	4,00,000	-
Exp. Pertaining to Previous Year	-	9,60,000
Sales Tax of Earlier Years	-	11,98,200
Miscellaneous Expenses	5,04,829	6,28,602
<b>Total</b>	<b>25,87,250</b>	<b>81,51,827</b>
Expenditure in foreign currency during the financial year on account of travelling.	-	-

**Note No: 2.28:**

- a The company has received demands for fuel surcharge adjustment (FSA) from Central Power Distribution Company of AP Ltd (CPDCL) pursuant to clause 45B of the Andhra Pradesh Electricity Regulatory Commission (Conduct of Business Amendment) Regulations 2003 (FSA Regulations). The levy has been a subject matter of challenge ever since the DISCOMS made their claim in the year 2010 in respect of the period 2008-09 onwards. The challenge with respect to 2008-09 and 2009-10 were initially accepted by a single judge of the Andhra Pradesh High Court and the appeals filed with respect to 2008-09 and 2009-10 are currently pending before the Supreme Court and a full bench of the Andhra Pradesh High Court respectively. With respect to the levy for the years 2010-11 to 2012-13 totaling to Rs 19,06,53,769 no stay has been granted against the levy and collection of FSA charges. Pending the resolution of the legal course being pursued by the company of the dispute no provision has been made for the said demand in the books of account.
- b The company has filed its objections before the various administrative authorities of CPDCL as per the directions given by Forum for Redressal of Consumer Grievances of CPDCL towards load shortfall charges for the period upto 31.03.2012 totaling to Rs 15,10,13,776. Further the company received demand towards load shortfall charges for the years 2012-13 & 2013-14 totalling to Rs 27,32,61,984 in January 2015. Pending disposal of its objections by the authorities, no provision towards load shortfall charges totalling to Rs 42,42,75,760 has been made by the company. The company has not received any further demands for the years 2014-15 and 2015-16.

Particulars	Current Year	Previous Year
<b>Note No: 2.29:</b>		
<b>Contingent liabilities and commitments</b>		
a) Unexpired Bank Guarantees and letters of Credit	5,24,29,000	5,24,29,000
b) Unexpired Corporate Guarantees given to Financial Institutions and strategic Investors on behalf of Body Corporates	157,10,00,000	157,10,00,000
c) Disputed Sales Tax Demands for non submission of "C" & "F" Forms	4,10,71,703	30,55,523
d) Disputed Income Tax demands for the financial years 2008.09 to 2009.10	3,04,56,364	3,04,56,364

**Note No: 2.30:**

Due to steep increase in the power tariff, the cost of production of Ferro Silicon has far exceeded the market prices, resulting in non recovery of even variable cost of production. Accordingly the company has closed down its production unit at Rudraram Village, Medak district since June 2013. Further the company has entered into a memorandum of settlement with the workers' union on 30.06.2014 for their retrenchment. However, the books of account are maintained under "going concern" concept, as the company has initiated effective steps to meet its power requirements by setting-up a 120 MW captive thermal power plant at Sirpur Kagaznagar Mandel, Adilabad District through a separate company, by transferring its power unit by way of demerger.

**Note No: 2.31**

The company operates in only one business Segment of manufacture of Ferro Alloys and there are no geographical segments to be reported.

**Note No: 2.32**

Related parties in terms of AS 18 issued by the Institute of Chartered Accountants of India.

**a) Associates:**

Konaseema Gas Power Ltd  
VBC Industries Limited  
Orissa power Consortium Limited.

**b) Key Managerial Personnel:**

Sri M S Lakshmana Rao, Managing Director  
Sri R. Dharmender, CFO

**c) Relatives of Key Managerial Personnel:**

Dr. M V V S Murthi,  
Sri M S Rama Rao

**d) Others:** Enterprises in which key Managerial Personnel or their relatives have substantial interest

VBC Exports Ltd.  
Techno Infratech Projects (India) Pvt. Ltd.  
BASIL Infrastructure projects Ltd.  
Indo-US Coal Washeries Ltd

**B. Transactions carried with related parties:**

Nature of Transactions	This Year	Previous Year
i) Transactions pertaining to Associates:		
a) Rent: Received from Konaseema Gas Power Ltd	-	18,00,000
ii) Transactions pertaining to Key Management Personnel: Remuneration payable to M S Lakshman Rao, Managing Director	5,74,431	9,48,848
iii) Transactions with Relatives of the Key Managerial Personnel:		
a) Interest paid to Dr. M.V.V.S. Murthi M.S.P. Rama Rao	1,14,96,623 78,24,877	1,00,67,190 63,20,280
b) Amounts payable to the end of the year Dr. M.V.V.S. Murthi M.S.P. Rama Rao	8,32,18,401 6,00,93,476	7,28,71,440 4,80,56,087
iv) Transactions pertaining to Companies/Firms/Other concerns in which Key Managerial Personnel or his relatives holds substantial interest:		
a) Rent paid to Techno Infratech Projects (India) Pvt Ltd.	-	1,68,540
b) Amount payable as at the end of the year		
VBC Exports Ltd	38,20,993	38,20,993
Techno Infratech Projects (India) Pvt. Ltd.	89,37,080	89,37,080
BASIL Infrastructure Projects Ltd.,	10,04,506	4,58,849
VBC Power Company Ltd	98,57,400	98,57,400



Particulars	Current Year	Previous Year
c) Amount Invested up to the end of the year in		
BASIL Infrastructure Projects Ltd.,	13,50,000	13,50,000
Konaseema Gas Power Ltd	143,06,46,210	143,06,46,210
Orissa Power Consortium Ltd.	6,17,26,700	6,17,26,700
<b>Note No. 2.33 : Earning Per Share (EPS):</b>		
a) Net Profit available for Equity Share Holders	(5,25,52,907)	(7,17,25,474)
b) Weighted Average Number of Equity Shares Used as denominator for calculating EPS	43,94,350	43,94,350
c) Basic and Diluted Earnings per Share of ₹ 10/- Each	(11.96)	(16.32)

**Note No: 2.34**

In the opinion of the board of directors of the company the diminution in the value of certain investments is temporary in nature and hence no provision towards diminution in the value of investments is considered necessary.

**Note No: 2.35**

According to an internal technical assessment, there is no impairment in the carrying cost of cash Generating assets of the Company in terms of Accounting for Impairment of Asset (AS 28) of Companies (Accounting Standard) Rules, 2006.

**Note No: 2.36**

Balances lying in some of the lenders', suppliers', customers' accounts are subject to confirmation.

**Note No: 2.37**

Previous year figure were regrouped wherever necessary to make them comparable with current year figures.

For and on behalf of the Board

Per our report of even date annexed  
For BRAHMAYYA & CO.,  
Chartered Accountants

Sd/-  
M.S.LAKSHMAN RAO  
Managing Director

Sd/-  
M.V. ANANTHA KRISHNA  
Director

Sd/-  
R. DHARMENDER  
CFO

Sd/-  
(CA. C.V. RAMANA RAO)  
Partner  
Membership No. 018545

Place : Hyderabad  
Date : 27.05.2016



**VBC FERRO ALLOYS LIMITED****PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Company : VBC Ferro Alloys Limited  
Registered Office : 6-2-913/914, 3<sup>rd</sup> Floor, Progressive Towers, Khairatabad, Hyderabad-500 004.

Name of the member(s) :	
Registered Address :	
E-mail Id :	
Folio No./ Client id :	
DP ID :	

I/We being the member(s) of ..... Shares of VBC Ferro Alloys Limited, hereby appoint:

1. Name : .....  
Email id : .....  
Address : .....  
Signature : ..... Or failing him
2. Name : .....  
Email id : .....  
Address : .....  
Signature : ..... Or failing him
3. Name : .....  
Email id : .....  
Address : .....  
Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the company to be held on the 30<sup>th</sup> September, 2016 at 3.00 P.M. at K.L.N. Prasad Auditorium of The Federation of Andhra Pradesh Chambers of Commerce & Industry, situated at 11-6-841, Red Hills, Hyderabad - 500 004, any adjournment thereof in respect of such resolutions as are indicated below:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for Financial Year ended 31<sup>st</sup> March, 2016 together the reports of Directors and the Auditors Report thereon.

2. Ratification of Auditors' Appointment:

Signed this ..... day of ..... 2016

Signature of Shareholder .....

Signature of Proxyholder(s) .....

Affix  
Revenue  
Stamp

NOTE: 1. The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

**VBC FERRO ALLOYS LIMITED**

Regd. Office : 6-2-913/914, 3<sup>rd</sup> Floor, Progressive Towers, Khairatabad, Hyderabad - 500 004.

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

NAME & ADDRESS OF THE SHARE HOLDER

Folio No. /  
DP ID & Client ID No.

.....

.....

I hereby record my presence at the 34<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Friday, the 30<sup>th</sup> September, 2016 at 3.00 p.m. at K.L.N. Prasad Auditorium of The Federation of Andhra Pradesh Chambers of Commerce & Industry situated at 11-6-841, Red Hills, Hyderabad-500 004.

SIGNATURE OF THE SHAREHOLDER OR PROXY

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**VBC FERRO ALLOYS LIMITED**

(An ISO 9001 - 2008 Company)

CIN No : L27101TG1981PLC003223

6-2-913/914, Third Floor, Progressive Towers,  
Khairatabad, Hyderabad - 500 004,  
Telangana, INDIA.