



# VBC FERRO ALLOYS LIMITED

(An ISO 9001 - 2008 Company) - CIN L27101TG1981PLC003223



VBCFAL / SEC / 2017/

14<sup>th</sup> February, 2017

The Bombay Stock Exchange Limited  
Department of Corporate Services  
P J Towers, Fort  
Dalal Street  
MUMBAI – 400 001.

**Kind Attn: Mr. Naresh Pandya/Vivek Dabe**

Sir,

Sub: Financial Results for the quarter ended 31<sup>st</sup> December 2016-reg


Ref: Scrip Code – 513005 & SCRIP ID- VBCFERROQ

Pursuant to the Compliance of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are herewith forwarding un-audited financial results (Provisional) for the quarter ended 31<sup>st</sup> March, 2016 after it has been reviewed and taken on record by the Board of Directors at their adjourned meeting held on 14<sup>th</sup> February, 2017.

This is for your information and records.

Thanking you,

Yours faithfully  
For VBC Ferro Alloys Limited

  
V.V.V.S.N. Murty  
Authorized Signatory



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PART I

Statement of UnAudited Financial Results for the Quarter and Nine Months Ended 31st December, 2016 (₹ in Lakhs)

SL. No	Particulars	Quarter Ended			Nine Months Ended		Previous Year Ended
		31.12.2016 (Unaudited)	30.09.2016 (Unaudited)	31.12.2015 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Audited)
1	Net Sales / Income from Operations	0	0	0		0	
	<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>
2	<b>Expenses</b>						
	a) Cost of materials consumed	0	0	0		0	0
	b) Changes in Inventories of finished goods	0	0	0		0	0
	c) Employee benefit expenses	2.25	2.37	4.19	6.99	18.33	16.29
	d) Power	0	0	0		0	0
	e) Other Expenses	1.29	0.87	4.23	3.56	21.92	25.87
	f) Depreciation	14.04	14.04	14.05	42.13	42.15	56.20
	<b>Total Expenses</b>	<b>17.58</b>	<b>17.28</b>	<b>22.47</b>	<b>52.68</b>	<b>82.40</b>	<b>98.36</b>
3	Profit/ (Loss) from operations before other Income, Interest, exceptional items and taxes	(17.58)	(17.28)	(22.47)	(52.68)	(82.40)	(98.36)
4	Other income	0.00	0	0	11.40	0.19	7.99
5	<b>Profit/(Loss) before Interest, extraordinary items and taxes</b>	<b>(17.58)</b>	<b>(17.28)</b>	<b>(22.47)</b>	<b>(41.28)</b>	<b>(82.21)</b>	<b>(90.37)</b>
6	Finance Costs	67.95	16.12	109.97	205.78	325.95	435.16
7	<b>Profit/(Loss) after interest, before extraordinary items and taxes</b>	<b>(85.53)</b>	<b>(33.40)</b>	<b>(132.44)</b>	<b>(247.06)</b>	<b>(408.16)</b>	<b>(525.53)</b>
8	Extraordinary items : Profit on sale of Land	0	1123.92	0	1123.92	0	0
	Provision towards interest on cash credit facilities reversed on OTS	0	267.37	0	267.37	0	0
9	<b>Profit/(Loss) before Tax</b>	<b>(85.53)</b>	<b>1357.89</b>	<b>(132.44)</b>	<b>1144.23</b>	<b>(408.16)</b>	<b>(525.53)</b>
10	Tax Expenses	0	0				
11	<b>Profit/(Loss) after tax</b>	<b>(85.53)</b>	<b>1357.89</b>	<b>(132.44)</b>	<b>1144.23</b>	<b>(408.16)</b>	<b>(525.53)</b>
12	Surplus brought forward from previous year						
13	Surplus available for appropriation						
14	Paid up equity Share Capital	439.50	439.50	439.50	439.50	439.50	439.50
15	Reserves Excluding Revaluation Reserves as per Balance Sheet of previous accounting year						
16	Diluted EPS (Not annualised)	(1.95)	30.90	(3.01)	26.03	(9.29)	(11.96)
<b>Part II</b>							
A.	<b>Particulars of share holding :</b>						
1	Public share holding						
	-Number of shares	2779891	2779891	2779891	2779891	2779891	2779891
	-% of shareholding	63.26	63.26	63.26	63.26	63.26	63.26
2	Promoters and Promoter group shareholding						
a.	Pledged / Encumbered						
	-Number of shares	878925	878925	878925	878925	878925	878925
	Percentage of shares (as a % of the total share holding of promoters and promoter Group)	54.44	54.44	54.44	54.44	54.44	54.44
	Percentage of shares (as a % total share capital of the company)	20.00	20.00	20.00	20.00	20.00	20.00
b.	Non-Encumbered						
	-Number of shares	735534	735534	735534	735534	735534	735534
	Percentage of shares (as a % of the total share holding of promoters and promoter Group)	45.56	45.56	45.56	45.56	45.56	45.56
	Percentage of shares (as a % total share capital of the company)	16.74	16.74	16.74	16.74	16.74	16.74



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Sno. Particulars	Quarter Ended 31.12.2016
<b>B. Investor Complaints :</b>	
1 Pending at the beginning of the quarter	Nil
2 Received during the quarter	3
3 Disposed of during the quarter	3
4 Remaining unresolved at the end of the quarter	Nil

**Note:** 1) The above unaudited results were reviewed by the Audit Committee and taken on record by the Board of Directors at its respective meeting held on 14th February, 2017 and has been subjected to Limited Review by the Statutory Auditors.

2) Due to the steep increase in power tariff, by TSSPDCL, 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 19.06.2013. Further the company has entered into an agreement with the workers union for their retrenchment and necessary provisions has been made in the books of Accounts. 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 Mandal, Adilabad District through VBC Power Company Ltd, by transferring its power unit by way of demerger. The Statutory Auditors have qualified of the same for the year ended 31st March, 2016.

3) The auditors have qualified in their report for the year ended 31st March, 2015 regarding the non provision of Rs 19,06,53,769/- towards fuel surcharge adjustment and Rs 42,42,75,762/- towards load shortfall charged, as the matters are pending before various judicial/administrative authorities.

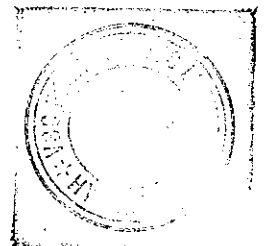
4) The Company operates in only one business segment of manufacturing ferro alloys.

5) Figures of the previous year / earlier periods have been regrouped, wherever necessary to confirm to the current figures classifications.

Place: Hyderabad  
Date: 14.02.2017

for VBC Ferro Alloys Limited

  
M S Lakshman Rao  
Managing Director





**REPORT ON THE LIMITED REVIEW CARRIED OUT ON THE UNAUDITED FINANCIAL RESULTS OF VBC FERRO ALLOYS LIMITED, HYDERABAD FOR THE QUARTER ENDED 31<sup>st</sup> DECEMBER, 2016 IN TERMS OF CLAUSE 41 OF THE LISTING AGREEMENT.**

1. We have reviewed the accompanying statement of unaudited financial results of "VBC Ferro Alloys Limited, Hyderabad" for the quarter ended 31<sup>st</sup> December, 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these standalone financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information performed by the Independent Auditor of the Entity* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the standalone financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. (a) The company has received demands for fuel surcharge adjustment (FSA) from Southern Power Distribution Company of TS Ltd (SPDCL) 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 by Discoms 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 1906.54 Lakhs, 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) Pending disposal of its objections filed before the various administrative authorities of SPDCL as per the directions given by "Forum for Redressal of Consumer Grievances of SPDCL" towards load shortfall charges for earlier years, totaling to Rs 4242.76 Lakhs.





Pending disposal of its objections by the authorities, no provision towards load shortfall charges totaling to Rs 4242.76 Lakhs has been made by the company.

The Statutory Auditors have also qualified the above matters in their report for the year ended 31<sup>st</sup> March 2016.

4. Due to the steep increase in power tariff, by SPDCL, 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 19.06.2013. Further the company is negotiating with the workers union 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 Kagaznager Mandal, Adilabad District through VBC Power Ltd, by transferring its power unit by way of demerger.

The Statutory Auditors have also qualified the above matters in their report for the year ended 31<sup>st</sup> March 2016.

5. 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 14306.46 Lakhs in the equity of Konaseema Gas Power Ltd, whose net-worth has completely eroded and not in operation for more than three years.

The Statutory Auditors have also qualified the above matters in their report for the year ended 31<sup>st</sup> March 2016.

6. Based on our review conducted as above, subject to paragraphs 3 to 5 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Visakhapatnam  
Date: 14<sup>th</sup> February, 2017

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

  
**(C V RAMANA RAO)**  
Partner  
Membership No.018545

