



# VBC FERRO ALLOYS LIMITED

(An ISO 9001 - 2008 Company) - CIN L27101TG1981PLC003223



27<sup>th</sup> May 2015

VBCFAL / SEC / 2016

The Bombay Stock Exchange Limited  
Floor 25, P J Towers  
Dalal Street  
MUMBAI – 400 001.

Dear Sir/Madam,

**Sub: Outcome of the Board Meeting -reg**

**Ref: Scrip Code - 513005**

In compliance with the Listing Agreement of the Stock Exchange, we hereby inform you that a meeting of the Board of Directors of the Company was held on 27<sup>th</sup> day of May , 2016 at the Registered Office of the Company at 6-2-913/914, 3<sup>rd</sup> Floor, Progressive Towers, Khairatabad, Hyderabad- 500004 and outcome of the meeting is as follows:

1. Approved the Audited Financial Statements –Standalone for the quarter ended/year ended 31<sup>st</sup> March 2016
2. Review the affairs of the Company.

We are herewith annexed the financial results for the year ended 2015-16 for the records of Exchange.

This is for your information and records.

Yours faithfully  
for VBC Ferro Alloys Limited

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



# VBC FERRO ALLOYS LIMITED



(An ISO 9001 - 2008 Company) - CIN L27101TG1981PLC003223

Statement of Audited Financial Results for the Quarter and Year Ended 31st March, 2016 (₹ in Lakhs)

SL. No	Particulars	Quarter Ended			Current Year Ended	Previous Year Ended
		31.03.2016 (Audited)	31.12.2015 (Unaudited)	31.03.2015 (Audited)	31.03.2016 (Audited)	31.03.2015 (Audited)
1	Net Sales / Income from Operations	0	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	0.00	0	88.08
	c) Employee benefit expenses	(2.04)	4.19	16.82	16.29	45.48
	d) Power	0	0	0	0	0
	e) Other Expenses	3.95	4.23	28.61	25.87	81.52
	f) Depreciation	14.05	14.05	18.92	56.20	75.69
	<b>Total Expenses</b>	<b>15.96</b>	<b>22.47</b>	<b>64.35</b>	<b>98.36</b>	<b>290.77</b>
3	Profit/ (Loss) from operations before other Income, Interest, exceptional items and taxes	(15.96)	(22.47)	(64.35)	(98.36)	(290.77)
4	Other income	7.80	0.00	32.26	7.99	233.92
5	<b>Profit/(Loss) before Interest, extraordinary items and taxes</b>	<b>(8.16)</b>	<b>(22.47)</b>	<b>(32.09)</b>	<b>(90.37)</b>	<b>(56.85)</b>
6	Finance Costs	109.21	109.97	56.81	435.16	493.06
7	<b>Profit/(Loss) after interest, before extraordinary items and taxes</b>	<b>(117.37)</b>	<b>(132.44)</b>	<b>(88.90)</b>	<b>(525.53)</b>	<b>(549.91)</b>
8	Extra ordinary Item: Retrenchment Compensation to the Workmen	0	0	(143.35)		232.30
	Depreciation in accordance with Schedule-II of Companies Act, 2013 for the assets whose useful life has expired before 31.3.2014			0		
9	<b>Profit / (Loss) before Tax</b>	<b>(117.37)</b>	<b>(132.44)</b>	<b>54.45</b>	<b>(525.53)</b>	<b>(782.21)</b>
10	Tax Expenses	0	0	65		64.96
11	<b>Profit / (Loss) after tax</b>	<b>(117.37)</b>	<b>(132.44)</b>	<b>119.41</b>	<b>(525.53)</b>	<b>(717.25)</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
15	Reserves Excluding Revaluation Reserves as per Balance Sheet of previous accounting year					10,306.93
16	Diluted EPS (Not annualised)	(2.67)	(3.01)	2.72	(11.96)	(16.32)
<b>Part II</b>						
<b>A. Particulars of share holding :</b>						
1	Public share holding					
	-Number of shares	2779891	2779891	2779891	2779891	2779891
	-% of shareholding	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
	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
	Percentage of shares (as a % total share capital of the company)	20.00	20.00	20.00	20.00	20.00
b)	Non-Encumbered					
	-Number of shares	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
	Percentage of shares (as a % total share capital of the company)	16.74	16.74	16.74	16.74	16.74

Regd. Office : 6-2-913/914, 3<sup>rd</sup> Floor, Progressive Towers, Khairatabad, Hyderabad - 500 004. TS, India.  
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 Telegrams : VEBECEE Web : www.vbcindia.co.in  
 E-mail : hyd1\_vbcfal@sanchamet.in

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 Medak District, TS, India.  
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# VBC FERRO ALLOYS LIMITED

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Sno.	Particulars	Quarter Ended 31.03.2016
<b>B. Investor Complaints :</b>		
1	Pending at the beginning of the quarter	Nil
2	Received during the quarter	2
3	Disposed of during the quarter	2
4	Remaining unresolved at the end of the quarter	Nil

Statement of Assets and Liabilities as at 31st March,2016		₹ in Lakhs)	
Particulars	As at 31.03.2016	As at 31.03.2015	
	Audited	Audited	
<b>A. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds :</b>			
(a). Share Capital	439.50	439.50	
(b). Reserves & Surplus	10218.27	10743.80	
Sub-total - Shareholders' Funds	10657.77	11183.30	
<b>2 Share application money pending allotment</b>	0	0	
<b>3 Non-current liabilities:</b>			
(a). Long term borrowings	3150.48	2850.63	
(b). Deferred Tax Liability	321.80	321.80	
(c). Other Long Term Liabilities	4.00	4.00	
(d). Long term provisions	0	0	
Sub-total - Non -current Liabilities	3476.28	3176.43	
<b>4 Current Liabilities:</b>			
(a). Short term borrowings	850.75	863.05	
(b). Trade payables	2183.89	2048.48	
(c). Other current Liabilities	2806.57	2624.96	
(d). Short term Provisions	47.48	46.85	
Sub-total - Current Liabilities	5888.69	5583.34	
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>20022.74</b>	<b>19943.07</b>	
<b>B. ASSETS</b>			
<b>1 Non-current Assets</b>			
(a). Fixed Assets	2412.53	2450.71	
(b). Non-current Investments	15499.11	15500.47	
(c). Long term Loans and advances	445.91	445.91	
Sub-total - Non-Current Assets	18357.55	18397.09	
<b>2 Current Assets :</b>			
(a). Inventories	1389.55	1389.55	
(b). Trade receivables	79.27	79.27	
(c). Cash and Bank balances	124.92	24.11	
(d). Short term Loans and Advances	71.45	53.05	
(e). Other current Assets	0	0	
Sub-total - Current Assets	1665.19	1545.98	
<b>TOTAL - ASSETS</b>	<b>20022.74</b>	<b>19943.07</b>	

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# VBC FERRO ALLOYS LIMITED

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**Note:** 1) The above audited results were reviewed by the Audit Committee and taken on record by the Board of Directors at its respective meeting held on 27th May, 2016 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, 2015.

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: 27.05.2016

for VBC Ferro Alloys Limited

**M S Lakshman Rao**  
Managing Director



**INDEPENDENT AUDITORS' REPORT**

TO  
THE MEMBERS OF  
VBC FERRO ALLOYS LIMITED,  
HYDERABAD.

**Report on the Standalone Financial Statements:**

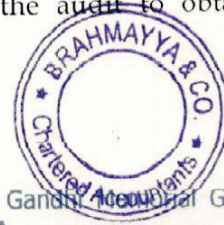
1. We have audited the accompanying standalone financial statements of M/s VBC Ferro Alloys Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies 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:
- 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.
  - 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.
  - Note No. 2.36 that balances lying in some of the lenders', suppliers', customers' accounts are subject to confirmation

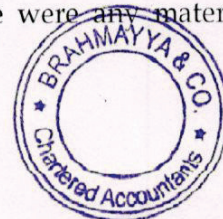
Our opinion is not modified in respect of these matters.

### 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:
- 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.



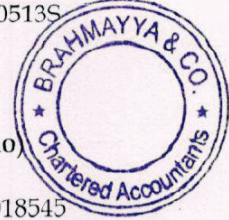


- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Sd/-

(C. V. Ramana Rao)  
Partner  
Membership No.018545

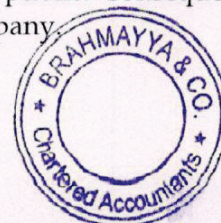


Camp: Chennai  
Date: 27<sup>th</sup> May, 2016

**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:

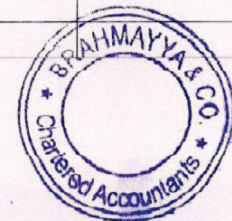
- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets could not be physically verified by the management during the year in accordance with a phased programme of verification, due to closure of its 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:

Name of the statute/Authority	Nature of dues	Period to which the amount relates	Amount (In Rupees)
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



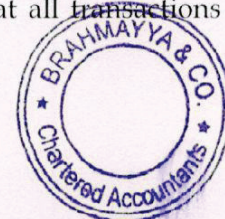
	Service tax including education cess	From 01.04.2012 to 31.08.2014	7,27,412
Central Excise Act	Excise duty	From 01.05.2013 to 31.08.2014	81,81,486 excluding interest
Greater Hyderabad Municipal Corporation Act	Property Tax	From 01.04.2012 to 31.03.2013	1,99,859

b) As at 31<sup>st</sup> 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 Rupees)
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  
Firms' Registration Number:  
000513S

Sd/-

(C.V.RAMANA RAO)  
Partner  
Membership Number: 018545



Camp :Chennai  
Date :27<sup>th</sup> May, 2015